

Disaster jet had airport bomb alert

The last minutes of flight AI 182

By Michael Horsnell
Air India flight AI 182 disappeared from the radar screens at the air traffic control centre at Shannon Airport at 08.13 BST.



Irish Army soldiers carrying a body landed by Sea King helicopter at Cork airport

Canadian bomb squad detectives were warned of a threat to the Air India Boeing 747, which exploded off the Irish coast killing 329 people yesterday.

Security lapse feared as 329 die in crash

By Tim Jones in London and Trevor Fishlock and John Best in Ottawa

The Air India Boeing 747 which blew up off the Irish coast killing 329 people yesterday should never have been allowed to take off, security experts said last night, after it emerged that Canadian bomb squad detectives had been warned of a threat to the plane.

ON PAGES 4 and 5

Bomb theory
Sikhs suspected
Separatists' denial
Sea of seats
Explosion cause

Why were the suspect cases not thoroughly examined at once and left overnight in a security vault? The suitcases were checked in on Saturday at Mirabel airport, which is 40 miles north of the city. Security staff were alerted when the baggage set off electronic alarms. Dogs trained to sniff out explosives started barking when they sniffed at the cases.

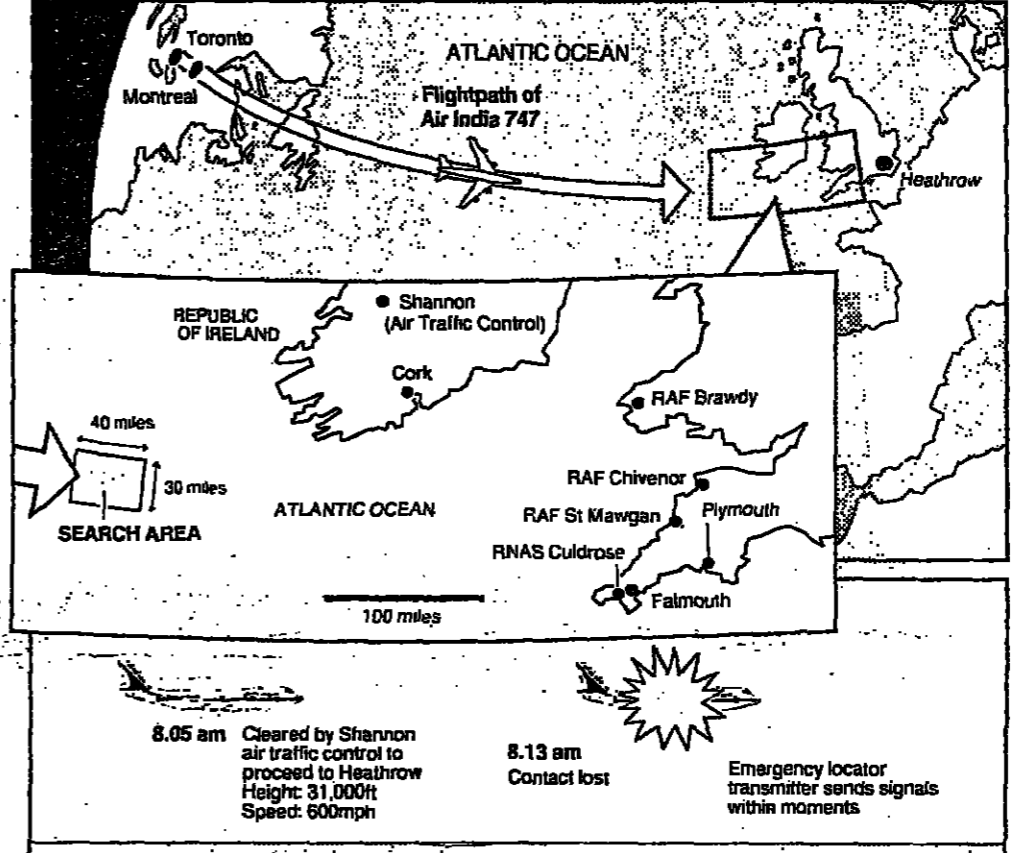
The cases were taken to a decompression chamber at the airport. After the crash was reported a bomb disposal squad was called in. X-rays showed what appeared to be wiring in one or all of the bags. Police at the airport said after the examination that the suitcases did not contain explosives and were not dangerous.

For reasons that were not clear last night the luggage was stored in a large decompression vault and not examined until yesterday morning. An officer of the Royal Canadian Mounted Police at the airport was asked if it was normal procedure to leave suspect bags overnight in such a way. "Absolutely not," he replied. Asked why they were left overnight, he replied: "I cannot answer that."

In spite of the discovery of the cases there was apparently no effort made at that time to find who had checked them in. Flight 182, bound for Bombay via London, left on time.

A spokeswoman for the North American headquarters of Air India in New York said it was too early to say whether all the passengers who had bought tickets for the flight had boarded the aeroplane.

"That question is subject to investigation and will take several days to answer," she said. The flight originated in Toronto. Of the passengers, 279 were Canadian and many of these were people of Indian origin, going to visit their families in India. There were at least 86 children on the flight deck. About 225 boarded the flight in Toronto - some of them had come from Vancouver - and the rest embarked at Montreal.



Race against time to find black box

From Richard Ford, Shannon
Last night the Irish Navy vessel, Aisling, was still attempting to pinpoint the black box of the Air India plane. The vessel is in an area 100 miles south-west of the coast of Kerry, where it is believed the plane crashed in an area where the shelf is 5,418 feet below the surface.

The navy vessels are in a race against time to discover the vital black box as it is likely that it will stop transmitting signals after 48 hours. It has been reported, though not positively, that an American aircraft picked up a signal at about the time the plane crashed yesterday. Mr Joe Keirnan, search co-ordinator and senior air traffic controllers at the search co-ordination centre, are critical over reports that a bomb explosion may have caused the jet to disappear from radio contact at 8.13 am.

Tears at Bombay airport

There were distressing scenes at both Bombay and Delhi airports as the news was broken to relatives waiting for the arrival of flight AI 182 (Michael Hamlyn writes). Many people broke down and some became hysterical when they saw the names of their relatives on the charts at a special inquiry counter put up by Air India in Delhi. Of the 325 people on board 86 are believed to be children.

Mr R. Shukla, aged 22, broke down when he got confirmation that both his parents were on board the flight. Two of the passengers Miss Anju Bala, aged 22, and Miss Siran Primal, aged 20, who were returning to Punjab after a number of years abroad to get married.

THE TIMES 1785-1985

Tomorrow
Callous city
Robert Fisk on everyday life in Beirut.
Go to blazers
Men's fashion rediscovers the classic jacket.
Fellow travellers?
Miles Kington on two very different guide books.
Court proceedings
Wimbledon: full coverage of the first day.

Portfolio
The £20,000 weekly prize in the Times Portfolio competition was won by Mrs Polly Harper, of Woodham, Woking, Surrey. Two readers shared the £2,000 daily competition prize, Mr Lance Phillips, of Aylesbury, Bucks and Mr Reginald Oliver Hann, of Pontnewydd, Cwmllan, Gwent. Portfolio list, page 16; rules and how to play, information service, back page.

Mugabe warning to opponents
Mr Robert Mugabe, Zimbabwe's Prime Minister, yesterday urged opposition leaders to bring their parties "now" into his ruling Zanu (PF). He promised to form ahead with plans for a one-party socialist state if he won the forthcoming elections. Poll strain, page 8.

Rainy build-up to Wimbledon
The 1985 Wimbledon championships begin today after a weekend in which for the first time ever the venue for a Grand Prix tennis event had to be switched because of rain. The West of England championships were moved from Bristol to indoor courts at Heston. Voice of Wimbledon, page 11. Rex Bellamy, page 19.

Ballot backlash
The first steps will be taken today towards expelling the engineering workers' union from the TUC for accepting government money for postal ballots. Back page.

Grain awaits sun
Britain is set for another record grain harvest if a spell of warm weather and sunshine allows the crop to ripen, according to the first of The Times crop surveys. Page 2.

Pope's rebuff
Poland's hopes of establishing full diplomatic relations with the Vatican were dashed at an icy meeting between the Pope and the Polish Foreign Minister. Page 7.

FOCUS
A 12-page Bicentenary Special Report examines Japan's links with Britain and the ways in which the Japanese are preparing for the 21st century. Pages 29-40.

Alliance choice
The Liberal-SDP Alliance may have to choose a single leader before the next general election, senior party figures believe. Page 2.

Rosberg wins
Keke Rosberg won the Detroit Grand Prix yesterday, defeating the Ferrari of Stefan Johansson and world championship leader, Michele Alboreto.
Leader page 13
Letters: On jury challenges, from Mr G. F. Leslie, and others, EEC vetos, from Mr N. Forwood.
Leading articles: International terrorism; Science budget. Features, pages 10-12
New Zealand rocking the Anzous boat; Britain's EEC bargain offer; what the teachers should do now; Profile of a changing country; Dan Maskell: The voice of tennis.
Obituary, page 14.
Mr Richard Griffiths, Mr Geoffrey Butler.

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Bomb found in hotel near palace

By Patricia Clough
A 5lb time bomb similar to the Brighton bomb which killed five people, was found yesterday in London's Rutben Hotel across the road from Buckingham Palace. It was defused by police explosives experts.

Commander Simon Crawshaw of Scotland Yard's anti-terrorist squad said he had reason to believe the device was planted by the Provisional IRA. He said the bomb, about half the size of the one which exploded at the Grand Hotel in Brighton, was sophisticated and had an anti-handling device so that it would blow up if disturbed or tampered with. If it had gone off it could have killed many people, he said.

Thatcher backs Ministers urging priority for tax cuts

By Philip Webster, Political Reporter
The Cabinet yesterday reviewed, at a special meeting lasting several hours at Chequer, the expected demands on public expenditure right through to the 1990s, paying special attention to the scope for introducing two tax-cutting Budgets before the next general election.

Mr Margaret Thatcher lined up strongly on the side of her Treasury ministers, Mr Nigel Lawson, the Chancellor, and Mr Peter Rix, the Chief Secretary, and other senior colleagues who believe that tax cuts, financed by further savings in public spending, should be the Government's priority up to and beyond the next election.

Forecaster predicts wettest June

A little more rainfall this week could make it the wettest June for 14 years, according to the London Weather Centre. About half an inch of rain would see the June 1971 rainfall figure of 3.4 inches equalled in London.

In Randwick, Gloucestershire, the Rev Niall Morrison, an amateur weatherman, has already recorded 4.4 inches. "If we have more rainfall this month it will go into the record books not only as the wettest June but as one of the wettest months at any time of year," he said. Weather forecast, back page.

Continued on page 4, col 8

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Bomb theory grows as rescuers find wreckage and fractured bodies

By Craig Seton

Eye witness accounts from the British master of a merchant ship and an RAF doctor disclosed every sign of "massive destruction" of the Air India 747 and showed that the first bodies recovered from the sea had suffered multiple and massive fractures, it was learned last night.

The master, Mr McDougall, ordered lifeboats to be launched in an attempt to retrieve bodies, but they were recalled when the weather started to deteriorate. Winds were between 15 and 20 knots and although visibility was seven miles, there were squalls in the area.

Shortly afterwards the Irish patrol vessel Aisling arrived at the scene and the Falmouth co-ordinators made that warship the local co-ordinator of the surface search. The first aircraft on the scene was a British Nimrod, which was airborne at the time and diverted to the crash site. It was followed by two helicopters from RAF Brandy in South Wales, and two Sea Kings from RNAS Culdrose in Cornwall.



A woman whose daughter was on the crashed Air India jet tearing her hair at Delhi airport yesterday on hearing that the passengers were believed dead.

Families of crew thought dead

Many of the Air India crew killed in yesterday's disaster perished with their families. Miss Kalina Jahundra, an air hostess, said that the long-haul Canada flight from which they were returning had included a week-long stopover.

She added: "Many of my friends were aboard. We only have ten Jumbos and the crews all know each other well."

Delhi suspects Sikhs based in Canada

From Michael Hamlyn, Delhi

Although there was no immediate evidence of who was responsible for the Air India 747 disaster, the first assumption of those involved is that Sikh terrorists are to blame. There has been comparative peace in the troubled state of Punjab for several weeks despite the fact that the first anniversary of the Indian Army's seizure of the Golden Temple of Amritsar was earlier this month.

According to reports in Britain, Sikhs have established military training in remote parts of Canada where the art of terror bombing is taught. Canada was among the first countries, along with the United Kingdom, to have visa requirements imposed on its nationals when they visited India. Previously no formalities at all were demanded, but because the authorities wished to keep track of suspected Canadian Sikhs, visa controls were imposed on everyone.

The United States Federal Bureau of Investigation announced last month that it had foiled a Sikh terrorist plot to kill Mr Rajiv Gandhi, the Indian Prime Minister, when he visited the United States. The FBI said that of the five Sikhs they arrested four were illegal immigrants who were believed to have come from Canada.

Separatists reject accusation

Leaders of the Sikh communities in Britain and Canada last night rejected suggestions that the Air India jet was destroyed by a bomb planted by Sikh separatists. Sikhs represent more than 80 per cent of the 200,000 Canadians of Indian origin, whose largest communities are in British Columbia and Ontario.

The end of flight AI 182

With a crew of 13 on board, the aircraft call sign Rescue 51 flew at 500ft above the sea at 250mph relying on visual observation. Another Nimrod from Kinloss stood by to replace it at noon and two more Nimrods remained on stand-by at RAF St Mawgan, Cornwall.

Jumbo has a good safety record

There are no clues in the history of Boeing 747 jumbo jets as to why this one crashed (our Transport Editor writes). Despite its huge size, and the technological advance that had to be made when it was designed in the 1960s, the jumbo has one of the best safety records of any aircraft.

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Explosion most likely cause of Boeing 747 disaster

Michael Baily, Transport Editor

The Boeing 747 crash was almost certainly caused by the sudden disintegration of the aircraft as a result of an explosion within or a blow from without.

That follows from the sudden disappearance of its blip from monitoring radar screens, the almost vertical descent of the wreckage, and the lack of any message from its flight crew.

An explosive device could have been activated either deliberately or accidentally after being smuggled on board at Montreal.

An explosion could have been caused from outside by an object such as a meteorite striking the aircraft and causing explosive decompression. While that could have injured passengers and crew, it would be unlikely to cause fatal damage to the aircraft. The chances of such an occurrence are so slight that human intervention is much more likely.

The crash was almost certainly not caused by:

Explosion caused by systems failure: Like other modern jets,

the Boeing 747 is designed to such a high degree of fail-safety that experts yesterday simply could not think of any mechanical failure that would cause the aircraft to blow up. If fuel, hydraulics, or electricals failed it could still glide more than 100 miles from the height it was at and send out messages by battery-powered transmitter.

Collision: Airspace at that height is not very crowded, and any other aircraft would have been shown on control radar screens; Weather: Clear air turbulence is a theoretical possibility, but it would have had to be so violent as to wreck the aircraft and probably render the flight crew unconscious too - an unlikely event.

Investigation of the causes of the disaster could involve Britain's accidents investigation branch at Farnborough.

Since the accident occurred in international air space, it falls to either India as the aircraft's owner, or the United States as its maker to conduct the inquiry, but Britain's team has offered assistance, and could be called upon.

Disaster jet had airport bomb alert

Continued from page 1

Airline officials said in Bombay that relatives of victims of the crash were expected to leave tomorrow for London on a chartered flight (Reuter reports).

Officials were trying to speed up passport formalities and a special counter issuing tickets was set up at the airport, where distraught people jostled for news.

Royal Navy and Air Force crews involved in the recovery operation are confident they will today find the 747's 'black box' flight recorder (Colin Hughes writes from Cork).

Lieutenant Commander Ivor Milne, from the Royal Naval Air Station Culdrose, who is co-ordinating the air operation, said that chances of finding the black box were quite good. "We have had one report that it has been seen and that the crew knew where it is to be found, but that has not been confirmed. It was not picked up because the crews were more concerned about searching for any possible survivors. It is not our priority to pick up the black box but obviously it is important for the investigation."

"The search area is so small and the conditions are quite good, so the chances are that if it is there, we will come across it."

He said the box was designed to float, and he anticipated that all wreckage and bodies still on the surface tomorrow would be recovered.



Firemen amid the debris of baggage in the sorting room of Tokyo International Airport at Narita yesterday.

Canadian jet escapes explosion

Tokyo (Reuter) - A Canadian jet with 390 people aboard apparently narrowly escaped being blown up on a flight from Vancouver to Tokyo yesterday.

The Canadian Pacific Air Boeing 747 arrived 15 minutes early and been on the ground at Narita airport for 40 minutes when a container loaded with suitcases from the hold blew up, killing two Japanese cargo handlers and badly injuring four others.

The explosion brought down part of the concrete ceiling in the baggage sorting area as passengers queued to collect their suitcases at 0620 GMT, 55 minutes before the Air India jet crashed.

India has asked for information about the explosion. Questioned last night about reports that the blast was triggered by a time-bomb, Masafumi Ebie of the Narita airport police said: "So far we have not found any time-bomb equipment among the debris."

Six workers were unloading baggage from four containers that had been taken to the side of a conveyor that takes luggage out to arriving passengers when the explosion came.

The unscathed aircraft later left for Hong Kong after unloading 323 passengers, 252 Japanese and 71 foreigners, as well as 10 baggage containers.

India sends investigation team

India's Minister of State for Civil Aviation Mr Ashok Ghehot, said yesterday: "An explosion is considered a possible cause in view of the fact that the wreckage is reported to be spread over a wide area."

Air India officials also said the Government had asked Japan for more information about an explosion yesterday at Tokyo's international airport.

Mr Rajiv Gandhi, the Prime Minister, a former airline pilot, said he had ordered a judicial inquiry into the disaster.

Three Indian passenger aircraft have been hijacked in the last four years. The hijackers were all Sikh extremists. All three planes belonged to the domestic service, Indian Airlines.

In Bombay, an Air India official said agents from India's Central Bureau of Intelligence had started to make inquiries about the crash. He said a security alert had been ordered at all India's international airports.

'Sea of seats and bits of metal'

From Colin Hughes, Cork

Royal Air Force and Royal Navy helicopters from the British mainland arrived bearing stretcher-loads of bodies at Cork airport last night, having spent the day at sea hoisting the dead from the water.

The gruesome task of the helicopter winchmen was made easier by the bodies all lying in a two mile square area of the Irish Sea 180 miles off Cork, suggesting the plane broke up shortly before, or on, impact.

By 7.30 last night six helicopters had flown into Cork bearing 41 bodies between them. Crew members said they were mostly Asians, and included two children and one teenage girl.

First on the scene was an RAF Sea King from RAF Brandy in Wales, co-piloted by Flight Lieutenant John Deane. "We flew straight to the scene in the hope we might find survivors," he said. "We immediately realized that was not going to be the case."

He said the jet had broken up into small pieces. "The area was strewn with seats, luggage and bits of metal. It was an horrific scene."

The helicopter's pilot, Flight Lieutenant Paul Redfern, said they picked up what appeared to be a child at one point, only to find it was a doll. None of the bodies were wearing life jackets and the helicopters crews saw no inflated rafts.

At the airport, soldiers from the Irish Army 1st Field Medical Corps ferried the blanket-covered bodies from the helicopters through a dismal drizzle to a makeshift morgue at the airport.

Flight Lieutenant Peter Wallis, pilot of the third RAF helicopter to land, said he had been in the air for seven hours. "We were picking up bodies five at a time and then landing them on the hatches of a cargo ship nearby called the Norman Amstel."

"We took about 15 that way and then brought another 12 back here. That was all we could do. It was just a matter of picking up dead bodies."

He said the bodies were surprisingly intact, and none appeared to have suffered burns. "Really, it was impossible to make out any sign of what may have caused the crash."

He added that the wind and seas were gradually dispersing the wreckage, but he expected to be flying again this morning to renew the search.

Mr Karin Doshi, the Indian Ambassador to the Republic of Ireland, who arrived at Cork airport to witness the recovery operation, described the crash as an appalling tragedy. Asked to comment on suggestions of a bomb - possibly placed by terrorists, he would only reply: "The experts will have to decide that."

RAF centre mounts its biggest rescue

By Nicholas Timmins

Yesterday's rescue operation 120 miles off the southern tip of Ireland, was the biggest ever handled by the Royal Air Force rescue coordination centre at Plymouth and the disaster it had always hoped would never happen.

The centre had rehearsed a "dry run" for a jumbo ditching in the 660,000 square miles of the North Atlantic for which it is responsible and Squadron Leader David "Perry" Mason, the RAF controller at the rescue operation, said yesterday: "It was the one we hoped would never occur."

"When jumbos have gone down in other parts of the world they have always had our sympathy but now we are experiencing it ourselves. But we have studied the problem and are fairly confident that we have done everything we should have done."

The first Nimrod from RAF Kinloss in Scotland, was off the ground by 08.11 shortly followed by Sea King helicopters from RAF Brandy in Pembrokeshire.

A United States Air Force Hercules en route from Iceland was diverted over the scene and in all, 17 aircraft were involved in the search including Royal Navy Sea Kings from Culdrose. "Jolly Green Giants", the giant HH 53 USAF helicopters from Woodbridge in Suffolk which in Vietnam were the helicopter gunships, plus three Chinooks from RAF Odiham.

The coordination centre organized aircraft over the sea with an RAF Nimrod over the crash area coordinating the helicopters working below.

Bodies were being transferred to surface ships including an Irish naval vessel and a merchant ship for return to Cork.

Squadron Leader Mason said that the operation was the biggest the centre had undertaken, and was bigger even than the Fastnet race rescue of 1979.

Squadron Leader Barry Holden of the Royal Auxiliary Air Force, called in as part of the six-man team coordinating the air rescue, said: "The problem is in fact that you are swamped with help. Everybody volunteers."

With wreckage from the plane scattered across a few square miles, only five aircraft at any one time were operating above the scene for much of the day. The aim was to reduce the risk of collision in low level operations too far out to sea for good quality radar cover. The drilling platform, High Sea Driller, helped to refuel the helicopters.

A doctor flown out on one of the Sea Kings to examine some of the bodies reported "extensive damage" to some of them, indicating that the plane crashed heavily into the sea, Squadron Leader Mason said.

The rescue centre refused last night officially to give up hope of survivors.

Pakistan shocked

Islamabad (AP) - President Zia ul-Haq of Pakistan President Zail Singh of India a message yesterday saying he was "deeply shocked and grieved to learn of the terrible tragedy that has struck an Air India plane".

Mr Mohammed Khan Junejo, the Prime Minister, also sent a message to Mr Rajiv Dandhi, the Indian Prime Minister, conveying his "deep sense of sorrow and grief over the tragic air crash".



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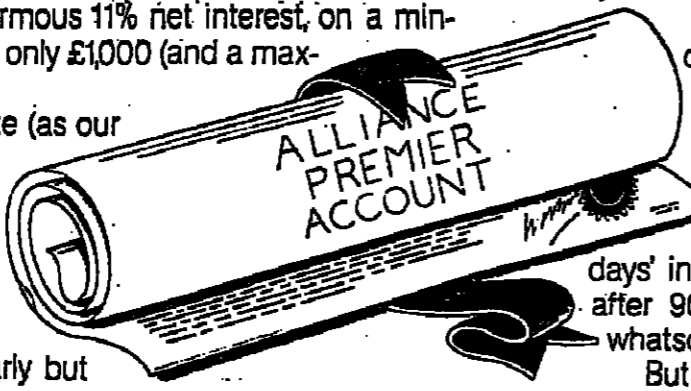
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Icy meeting with Pope dashes Polish hopes of better Vatican links

From Roger Boyes in Warsaw and Peter Nichols in Rome

Poland's hopes of establishing full diplomatic relations with the Vatican appear to have been dashed by the Pope in an important weekend audience with Mr Stefan Olszowski, the Polish Foreign Minister.

The minister, sources close to the Church say had arrived in Rome armed with a detailed brief on what Warsaw says is the rocky condition of Church-state relations in Poland.

He was authorized to promise that Warsaw would give its final go-ahead to a Church scheme to aid private farmers and gave an optimistic assessment of a new Bill that, once enacted, would anchor Church rights in the communist state. To crown Saturday's meeting with the Pope, the minister appealed for closer diplomatic links between Warsaw and the Vatican.

But the audience was soured by human rights issues, especially by the sentencing of three Solidarity leaders in Gdansk 10 days ago.

The Pope already has publicly deplored the long jail sentences given to the three on charges of stirring up public unrest and trying to organize protest strikes. Vatican officials suggest the temperature of the 40-minute audience was glacial. They said the Pope had

emphasized that diplomatic relations were out of the question under present circumstances.

When the Pope received Mr Olszowski he made no attempt to show his usual cordiality towards the visitor. He simply waited for him at the entrance to his private study and, in answer to the massively-built minister's somewhat fulsome salute, he replied: "Please come in".

Meanwhile Polish bishops held a plenary session at the weekend in the northern post of Szczecin. They were informed by the Primate, Cardinal Jozef Glemp, about his talks last week with General Jaruzelski, the Polish leader the first such "summit" in 18 months. Human rights issues, including the growing number of political prisoners, were also raised, according to informed sources.

Back in Rome the announcement this weekend that Cardinal Casaroli, the Pope's Secretary of State, will go to Yugoslavia and Czechoslovakia next month indicates an important stage in the Vatican's Eastern policy.

On the day of his departure, or shortly after, the Pope will publish a personal document he has prepared to mark the 1,100th anniversary of the

death of St Methodius who, with St Cyril, led Rome's early mission to Eastern Europe. The Pope has already added the names of these two saints to that of St Benedict as co-Patrons of Europe.

The document will no doubt refer to this and to the conditions under which Roman Catholics live in Eastern Europe. It is also expected to recall the Pope's conviction that his own election as the first Slav Pope in the Church's history was intended to re-adjust the balance between the privileged West and the less favoured East. His insistence on the cultural equality between the two arising from their common Christian roots, is one of the great distinguishing features of his reign.

● **Cash handover:** Polish authorities have turned over to new pro-Government trades unions the equivalent of millions of pounds imposed from Solidarity when the independent trade union was suspended under martial law in 1981 (Roger Boyes writes).

Mr Lech Walesa, the Solidarity leader, said at the weekend: "They should make sure they count it correctly because when the time comes to give it back we will add it up."



President Reagan placing Purple Hearts on the coffins of the four US Marines killed in San Salvador last week. Mrs Nancy Reagan stands grieving at his side during the ceremony at Andrews Air Force Base in Maryland on Saturday.

Accusations of political revenge

Anger at Nicaragua land grab

From Alan Tomlinson, Managua

The state expropriation of lands owned by the leader of Nicaragua's private business sector has prompted renewed accusations that the revolutionary Government is using its agrarian reform programme for political revenge, with the ultimate aim of eradicating private land ownership.

The Sandinista Government has pronounced itself in favour of a mixed economy: while it has handed over 4,250,000 acres to peasants in the name of the revolution, it has also provided statutory guarantees to owners who work their farms productively.

Never the less, the president of the private enterprise council, Cosep, Señor Enrique Bolaños, head of one of the country's biggest landowning families, has had more than two-thirds of his cotton fields confiscated, even though the Government accept that he has worked them "correctly".

"It is a reprisal because I am a critic of the Sandinista regime," he said. They have confiscated everything from former presidents of Cosep. It is my turn now."

Señor Ramiro Gardian, head of the agricultural producers union, Upanic, said the case was not an isolated one. "We believe this is a policy gradually to liquidate the private

sector and lead the country towards Marxist-Leninism."

In an action which the Bolaños family believes was instigated by the Government to "camouflage" its revenge, peasants occupied part of their 2,300 acres in the Masaya region, south of Managua. But the Agriculture Minister, Señor Jaime Wheelock, said: "The movement is not artificial, it is just and has deep, historical roots."

The Government has responded to the demands of some 8,500 landless subsistence farmers by sharing out into small lots 3,060 acres of state-owned land and negotiating with owners for a further 8,330 acres, either through purchase or an exchange for land elsewhere. The Bolaños family, according to the Government, were the only proprietors who had not reacted positively to a pressing social need.

"There are other critics of the Government who have not been affected and there are owners who are not critics to whom we have also proposed the need to hand over their lands," said the ministry's regional delegate, Señor Miguel Gomez.

The agrarian reform law is clear about the type of land liable for expropriation, mainly abandoned, idle or under-ex-

ploited property and tracts which belonged to members of the ousted Somoza dictatorship. The Bolaños holdings did not fall into these or any other categories.

"This is an exception to the basic law. Masaya is a very special case which I do not believe will be repeated in other areas," Señor Gomez said.

Cosep argues that there is no shortage of land. Nicaragua is bigger than Holland, Belgium, Switzerland and Israel combined, but with a tenth of the people. A population density of 25 inhabitants per square kilometre compares very favourably with over 300 per sq km in El Salvador, where pressure for land reform is tremendous. The answer, Cosep argues, is to relocate peasants on new territories.

The Government points out that Masaya is as densely populated a region as El Salvador, with places as many as 1,000 people per sq km its people are deeply rooted to their birthplace and cost of developing new territories would be exorbitant. Besides, it is easier for one wealthy family to be relocated than for thousands of poor ones.

Señor Gomez emphasized that even after the expropriation the Bolaños family remained the largest private landowners in the region.

Canaries split on EEC deal

From Harry Debelius Madrid

Resentment in the Canary Islands over the deal they will get when Spain enters the EEC provoked the fall of the islands' regional Government on Saturday, further weakening the position of the Socialist Government in Madrid.

The Socialist President of the autonomous regional Government, Señor Jeronimo Saavedra, resigned in Las Palmas because the regional Parliament failed to approve the conditions negotiated for entry into the Community as part of Spain. His Cabinet automatically ceased its functions but its members will stay on until a new president is chosen.

The rejection will not keep the Canaries out of the Community, because the Madrid Government has the final say in foreign policy.

The topping of the islands' administration is nevertheless politically important, because it required the combined forces of conservatives, Communists and Canary Island Nationalists in the 60-strong chamber to defeat the 27-member Socialist group.

Opposition to the EEC conditions negotiated for the Canaries is strong there. About 25,000 people have taken part in demonstrations.

If the regional Parliament cannot agree within two months on a candidate for president, regional elections must be called.

After his resignation, Señor Saavedra began to see a realignment of political forces, looking for four more votes to achieve an absolute majority of 31.

Turkish Cypriots elect deputies

Nicosia (Reuter) - Turkish Cypriots voted in parliamentary elections yesterday in a further attempt to consolidate their breakaway northern Cyprus state and make it acceptable to the world community.

This was the third poll in 45 days in the "Turkish Republic of North Cyprus", proclaimed in 1983, recognized only by Turkey and condemned by the United Nations.

A moderate early turnout was reported in the poll, in which some 94,000 people were eligible to elect deputies for 50 seats, contested by 350 candidates and seven parties.

Turkish Cypriots voted last month for a new constitution, and the community's leader, Mr Rauf Denktaş, won a landslide victory in the enclave's first presidential elections on June 9.

After casting his vote in north Nicosia yesterday morning, Mr Denktaş said: "This election completes the final circle in the establishing of this republic."

He said he regarded the elections as "the perfect way of showing that democracy in north Cyprus is working to the full extent".

Asked about the future of a divided Cyprus, he said he was ready at any time to have talks with the UN Secretary-General, Mr Javier Perez de Cuellar, who has tried without success to forge an agreement between Greek and Turkish-Cypriots on the island's future constitution.

He said two principles were not negotiable - Turkey being a guarantor power to any settlement and equal status for the two communities.

He said outsiders seemed to be in a hurry to see a Cyprus settlement.

US drugs extradition

Bogota - The first US citizen to be extradited to Colombia arrived here at the weekend under a treaty designed to bring international drug traffickers to justice (Geoffrey Matthews writes).

Since the beginning of the year five alleged Colombian drug CAPOS have been extradited to the US for trial on charges of cocaine and marijuana smuggling or the "washing" of drug money in Miami banks.

But in Colombia there had been mounting doubts that the US would reciprocate. The

arrival on a Colombian Air Force plane of John Lincoln Tamboer, aged 53, after being handed over to Colombia authorities in Fort Lauderdale, Florida, has for the moment suspended such doubts, though some Colombian critics of the extradition treaty claim he will prove merely a "token gringo".

An extradition treaty exists between Colombia and Britain and, although it has never been implemented, may eventually prove a useful legal weapon in view of the increasing amounts of cocaine reaching Europe from South America.

TV war on Aids in California

From Ivor Davis Los Angeles

In a new campaign to slow the spread of Aids, the acquired immune deficiency syndrome, southern California authorities have taped special television commercials for screening at homosexual bars and bath houses.

The commercials feature Zelda Rubinstein, the actress who starred in the film *Pollux*. She plays a mother who pleads with her bare-chested son to "play safely". She bashfully defers to "one of your brothers", who in no uncertain terms makes clear which sexual practices are safe and which are not.

The commercials are part of a government-funded "safe sex" educational movement.

Nepal bombs spark political storm

Kathmandu (Reuter) - Nepalese politicians yesterday called on the Government to resign after the bomb blasts which killed seven people in the Himalayan kingdom.

A group loyal to the former Prime Minister, Mr Surya Bahadur Thapa, demanded the resignation during a stormy session of the National Assembly. The Prime Minister, Mr Lokendra Bahadur Chand, whose two-year-old Government was appointed by Nepal's absolute ruler, King Birendra, did not reply.

Two former leaders criticized the Government for failing to ensure security. In a joint statement, Mr Kirti Nidhi Bista and Mr Tulsi Giri urged the King to take concrete measures to stop the violence.

There were no reports of bombs yesterday as the assembly re-opened after an

attack on Thursday in which an assembly member and another man outside Parliament, were killed.

Explosions rocked the Royal Palace, government offices and a tourist hotel in the capital on the same day.

Two groups claimed responsibility. The Government said it was still investigating the blasts, the first organized wave of urban bombings to hit the Hindu kingdom of 16.5 million people.

A previously unknown group called the United Liberation Torch-bearers scattered leaflets in Kathmandu on Friday saying it was responsible and that it would strike again.

A spokesman for a second group, the People's Front, said in Delhi that 200 of its members had planted 50 bombs as part of a revolution aimed at overthrowing the monarchy.

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this aspect, but in a highly competitive two horse race where one horse is already in front by a head, this aspect counts for enough to remove the possibility of a photo finish.

Conclusion

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What to Buy for Business Magazine P.53
Cellular Report - 3rd June 1985

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THE CREATIVE USE OF MONEY.

SPECTRUM

As Ireland gallops at an unfamiliar pace into the present, its people look wistfully to their past. Alan Franks sets the scene



Thoughts of home: from left Gerard White, Eileen O'Shea, Johnny Harrington, Thady Hickey, Mary Donovan, Jerry O'Keefe, Michael Moran, Gunther Rothenburger, Molly Burke and Joe McCarthy. Illustration by Joyce MacDonald

Changing times in a small town

Like Dylan Thomas's Llangollen, Cappaghglass does not really exist although the lives of its inhabitants are authentic enough. It is an imagined community on the remote west coast of Ireland, an amalgam of three actual towns visited by the author Peter Somerville-Large to log the passing of the traditional way of life.

GERARD WHITE Solicitor, aged 38 There used to be a tradition of having Protestant and Catholic solicitors, like the shops. Catholics would regard the Protestant as a "gentry-type" office, but that's mostly died away. The only occasion it might come into play would be in a mixed marriage, and the sort of settlement that might take place involving the father of a daughter who is marrying into a Protestant family.

JOHNNY HARRINGTON ex-mackerel skipper aged 75 There was always problems with the fishing. The basking sharks were there in the winter and the month of May was a great month for them. I remember one day I was trawling south of Cappaghglass and two sharks swam alongside the boat. They had huge open mouths that must have been five foot across and they were open to swallow the plankton. I wasn't a bit afraid; they were like two policemen each side of us, but once I steered for one and she almost lifted the boat out of the water, she was so big. I thought I would give the shark a fright, but she gave me a bigger one. The sharks were a bloody nuisance and often cut the nets. They became so plentiful in June that we had to give up fishing for a time. There were some that were more than a nuisance - the blue shark.

MICHAEL MORAN school leaver, aged 18 Although the school is co-educational, you will still find the boys mixing with girls and the girls with boys. I don't know if this isn't an Irish thing. You will get mixing at discos and things like that, but basically there is no intermixing even when the classes are combined. The girls sit in certain areas and the boys in others.

MOLLY BURKE museum curator, aged 58 When I opened this place six years ago, I made it a point not to buy anything. Everything you see comes from the farm or from the immediate neighbourhood. I have any commercialism and I was an odysey of love, if you can call it that, to raise and preserve the ordinary things of life that would otherwise be forgotten.

JERRY O'KEEFE pensioner in old people's home, aged 80 A lot of people took the train to the fairs, but in the last years they used to run it on turf and you might as well walk. It was a grand ride from Cappaghglass to Carraghmore. You'd be about an hour and a half doing the 15 miles. It was slow all right. You'd go beyond to Carraghmore and that was the way of the emigrants. A ticket to America cost £20. There were a few out of every family. There were four out of ours, and there were four out of the Sullivans beside us. In 1923 they had a good football team in the town, a team of fine strong young men. In 1924 half the team went to America and that was the end of it.

GUNTHER ROTHENBURGER businessman, aged 48 You will laugh at me, but I arrived here by accident. A flight from New York to Düsseldorf was delayed at Shannon, and once I saw the country I knew it was what I had been looking for all these years. All those small farms and empty mountains. Most Irish people I have talked to don't realize that the majority of Europeans live in flats and your next-door neighbour won't even know you. Here it is quite the other way.

JOE MCCARTHY shopkeeper, aged 52 Somebody said to me the other day, "Do you know that the biggest crowd of crooks in the world are Irish?" And I asked why and he said, "They're fiddling every blasted thing, even the dole". I must be very stupid, because I saw a lot of cars going down one morning and I thought there must be a funeral or something. Then after a time I saw all the cars come back again. So I asked somebody, "God help you", says he. "They are the farmers going to the barracks to collect the dole." All in cars, in nice smart cars. The dole was a good thing when it was needed, but put the beggar on horseback and he'll take it to hell.

The stories and recollections which he gathered, mostly from the old people who have stayed in the community all their lives, are set down word for word; only the names of the subjects, and your artist's impression of their appearance, depart from actuality.

Somerville-Large's collection of testimonies is heavy with nostalgia - hardly surprising in a town which, like so many in the west of Ireland, finds itself galloping at an unaccustomed pace into the late 20th century.

The few big houses in the area are nearly all gone - some burnt, most gone to ruin, their land divided up by the Land Commission. The last of the old estates, situated 10 miles away, has survived against great odds. Still screened by deciduous trees and guarded by stone walls, it sits unexpectedly in the wild landscape like an oasis, with the mountains behind waist-high in conifers.

The farming revolution is reflected in the demise of the fairs and in the rise of the marts in their place. The creameries are still there, among the castles, dolmens and stone circles you see these characteristic landmarks situated strategically at crossroads, attended by piles of blue fertilizer sacks, still providing an essential rural service.

The vast majority of people in Cappaghglass and the surrounding townlands are Roman Catholic. There used to be a small thriving Protestant community, but this has declined drastically through emigration and mixed marriages.

In point of fact it's not work involving mixed marriages that you are most likely to come across today. It's far more often marriage break-up. That's something we rarely had before. Sometimes the split occurs between newcomers to the area, say one of those authors living in Ireland for tax benefits. The irony is that you've come to a tax haven and are actually losing out on the community. The chances of your marriage foundering in the Emerald Isle are quite a bit higher than if you had stayed at home. People aren't aware of the stresses before they come and live here.

EILEEN O'SHEA farmer's wife, aged 78 In those days the work on a farm was pure slavery. You got no holiday and no day off, and the only holiday I got in my whole life was when my daughter got married. Houses are completely changed. It's for the better to a point because then you had only the well water and the open fire and a crane, and all the pots were boiled on it, and the bread was made on it. It was a life of hardship to a point, for nothing was got easy from the time you started up the fire in the morning.

We had a man at six shillings a week who lived with us, and most of the farmers around did the same. Hired help was cheap. He did the ploughing, snagging the potatoes, and general work. Sometimes I had a girl to help me but, God knows, more often than not they were poor slatternly creatures and it was more hard work looking after them than any little service they did. People helped each other then. When farmers worked together it was called "coring" and that's an Irish word, but that sort of thing died out when machinery became plentiful.

I'm the last of the old carpenters, and the rest are buried; you have to go to the graveyard for them. There aren't any carpenters now, only what you might call handy fellows, and they haven't a bit of skill in the world. All he can do is have a planning or moulding machine or something like that... that's all he can do. Most of the furniture you get in houses now is factory

stuff. People today can't even sharpen their own tools, and the best saw in the country is no good to them. The saw wouldn't even cut your finger. The best journeyman I ever heard of had no look at all. My father said, one time, he knew this old carpenter, and he was from Kerry and he could do anything. But he wouldn't stay anywhere. He was down at Cappaghglass one day, and they gave him a job of fitting a roof which had proved difficult. So he got the timber and roofed the whole thing, and there was no trouble about it. And he was just a journeyman with borrowed tools.

MARY DONOVAN retired national school teacher, aged 75 Before 1922 there was no Irish history taught here, only English. I remember learning about the South Sea Bubble. Wasn't it ridiculous to teach small children about that, which meant nothing to them? I remember hearing about Silken Thomas, and I think that was the only bit of Irish history I learnt. I remember the inspector coming in one day and examining us on Napoleon and St Helena. When we were being taught poetry, Master Miley used to say, "Would you like any other story?" I would say something like "The Bridge of Athlone, sir", for we were quite tired of "Horatius and the Bridge".

In the old days the classroom was bare enough, with big long benches which were very rough and desks in front. The school had no running water and only a dry lavatory. For washing, children would bring in water from the stream.

They went by train to Cobb. And then you'd see the liners passing up here every Sunday. The Cunard mostly, and the White Star was there too. You'd know the liner might leave Cobb at a certain time and pass here a few hours later. You would look out for them, if there was anyone belonging to you on them. Some lit bonfires on the hill so that their people could see the smoke from the deck of the ship.

They were all literate now, but they weren't then and they were sort of shy about writing. By 1928 most of the subjects were taught through Irish, and, although it wasn't compulsory, the inspector expected you to teach it as best you can. Of course a lot of the teachers hadn't enough knowledge of the language. I think it was a sin crying to heaven for vengeance, the methods we were expected to use. Imagine young children of about seven or eight trying to write a composition in Irish with the grammar and everything perfect.

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Ravi Shankar and the great divide

It is nearly 25 years since Pandit Ravi Shankar first gave a concert at the Royal Festival Hall, and almost 30 since he began his pioneering tour to introduce Indian classical music to the West. Tonight in his sixty-fifth year he returns to the South Bank with his much-applauded tabla player Alla Rakha.



Breaking down barriers: Ravi Shankar

His old friend Yehudi Menuhin has said of Shankar: "I am indebted to him for some of the most inspiring moments I have ever lived in music." The most fascinating aspect of Indian music, according to Shankar, "is the awareness of the harmony between man and nature." Yet, according to Groves Dictionary, the British in India did nothing to patronize it because they were unable to accept it as anything more than "barbarous, quaint, or at best the decadent legacy of a golden past".

"Capital E music," as Shankar put it wryly, "Exotic, Exciting, Esoteric, Ethnic." Shankar's music is the living heritage of a past stretching back to the court of the great Moguls far beyond into myth. As a boy in Paris in the 1930s the great European musicians he met seemed to find Indian music monotonous and repulsive. His ambition has been to break that barrier of incomprehension.

It was his elder brother, the late dancer Uday Shankar, who inspired him to believe it was possible. "I learnt from Uday not only the art of presentation but also the proportion or presentation - the exact proportion that is needed to make Indian music acceptable to the West."

In 1930, using the talented Shankar family as a nucleus, Uday took Ravi and a troupe of Indian dancers to the West. Despite its novelty, Ravi felt then the authenticity of Uday's daring experiment.

prepared him for show business. He was born of an orthodox and very religious Bengali Brahmin family, the youngest of five boys. His father had retired from service to a Maharajah and had gone to study law in London, leaving the family in Benares.

The atmosphere of the holy city itself, where Shankar founded his Research Institute for Music and the Performing Arts in 1978, made a tremendous impression on his young mind. Besides the singing at temples and during festivals other sounds imprinted themselves.

Lining the Ganges were palatial houses belonging to the maharajahs and very wealthy families. Each house had its own shehnai (oboe-cum-bagpipe) player, who used to fill the early morning and evening air.

a difficult time financially and artistically. At one point he contemplated suicide.

But then he found greater security with a job at All India Radio and began to experiment freely with music from different regions of India.

His tumultuous elevation to pop-star "honorary hippie" as the New York Times later dubbed him began when he met George Harrison and the Beatles.

"People took up the sitar just like they would the guitar, thinking they could learn three chords and then go out on their own. Then they found it put calluses on their fingers and took years of discipline."

The criticism of him in India for "selling out" to the West has largely died down. No doubt some of the "furore" being squeezed, and Shankar admits to being "an angel and a devil at the same time."

"At times I feel I don't belong to today. My roots are so deep in the past that sometimes I feel myself a stranger, even in my own country."

Andrew Robinson

CONCISE CROSSWORD (No 678)

A crossword puzzle grid with clues listed on the left and right sides. The clues include: ACROSS: 1 Rich (5), 4 Contriver (7), 8 Allude (5), 9 Spanish wine drink (7), 10 Affirmed (8), 11 4840 sq yards (4), 13 Indigible (11), 17 Prowl (4), 18 Alleviate (8), 21 Pasta squares (7), 22 Bury (5), 23 Friendly (7), 24 Pleasure boat (5). DOWN: 1 Double up (6), 2 Incapable (5), 3 Austere (8), 4 Diffusion (13), 5 Wind compass (4), 6 Hot wind (7), 7 Wanderer (6), 12 Make fills (8), 14 Untangle (7), 15 Red-faced (6), 16 Polcast (6), 19 Roof room (5), 20 The two (4).

Spring follows winter sensation. THREAT OF SUMMER CANNOT BE DISMISSED AGAINST ALL the odds, spring arrived this year. Just after winter. Describing this as "unaccountable seasonal variation," a ministry spokesman interrupted his announcement of the setting up of a quango to look into the possibility of night following day, to comment, "Well, this is precisely the sort of unlikely eventuality of which we are all too unaware, exactly. Summer is another question entirely and, although we have the answer, it would be wholly inappropriate to mention it at this time." Mr Terry Sensible, financial director to a chain of High Street retailers, was unimpressed by what he described as "Whitehall wackiness." "Look at it this way," he said, "every year we have a hot bit, more often than not between June and September. It's when the staff gets incapable of working efficiently. It's when you're glad you put in Toshiba air conditioning. They have mobile units which you can move from office to office. They have 3 year guarantees. They're easy to install. Summer? I'm looking forward to it." So Mr Sensible seems to be prepared for summer. If and when it should happen. It pays to keep cool with Toshiba Air Conditioning. DIAL 100 AND ASK FOR FREEPHONE TOSHIBA. Toshiba UK Ltd, Toshiba House, Primley Road, Camberley, Surrey.

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THE ARTS

Paul Griffiths reports from St Louis on Opera Theatre's tenth season. Mozart soars high above all the risks

Television Culture of guilt

Practically every white home in South Africa has a domestic servant but the relationship is one that Whites are loath to talk about.

Sophie, a black maid, described how she had been passed on from one owner of the house she had worked in for 25 years to another.

The veteran Black South African campaigner Mrs Sheena Duncan said the difficulties of being within a system and benefiting by it made it difficult to sustain indignation.

Black women in some areas can now go to the Centres of Concern. White women have established about 100 of these throughout the country.

Dennis Hackett

Mario Malagnini takes over the part of Don José in Glyndebourne's Carmen for the final three performances.

Ten years is a long time in the history of an opera company; one can see why Richard Gaddes should have wanted to create something of a bang in Opera Theatre of St Louis's tenth season.

This anniversary season there were two world premieres out of four productions: a huge gamble, obviously, and one not altogether crowned with success.

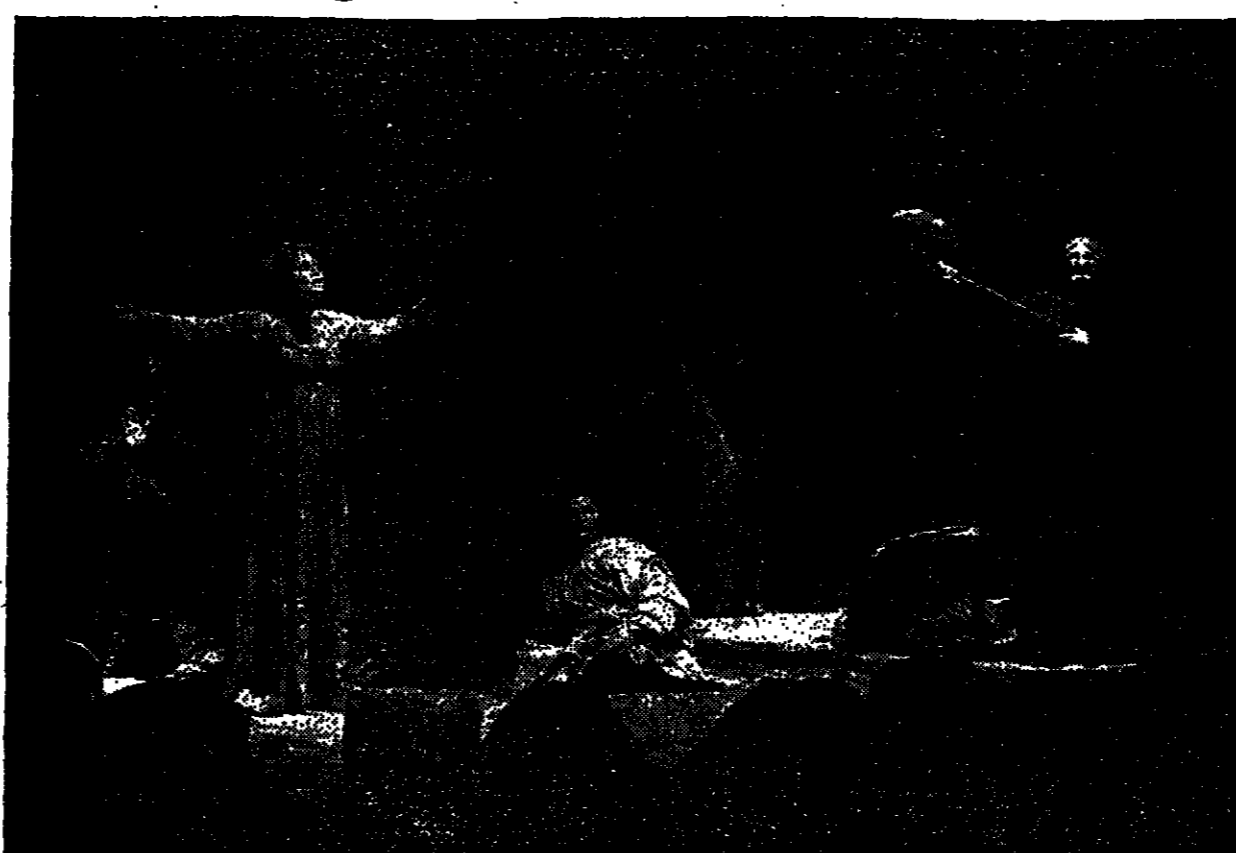
That this invited orchestra-drawing applause was not bad thing, for the musical virtues of the production were all vocal.

Patricia Schuman also sang in great style as Idamante. She has a striking presence, and a voice that is at once beautiful and heroic.

The two new operas were both given in productions by Colin Graham of his own librettos, but otherwise there was only a distinctly negative modesty.

It was a triangular love story set in the eighteenth century puppet theatre, providing the opportunity for some colourful imitated Buraku.

The two new operas were both given in productions by Colin Graham of his own librettos, but otherwise there was only a distinctly negative modesty.



"Total identification of voice, character and music, never betraying by fault or effort that she was not Mozart's Ilia": Sylvia McNair (left) in Idomeneo, with Patricia Schuman

In productions by Colin Graham of his own librettos, but otherwise there was only a distinctly negative modesty of vision and achievement.

It was a triangular love story set in the eighteenth century puppet theatre, providing the opportunity for some colourful imitated Buraku.

Instruments incommenced both: false expectations were set up so that one wanted the koto to do more, the violins to make lovelier sounds.

The fourth production was luckier. In Sarah Ventura the company discovered a director who could contrive a no-nonsense, thoroughly jolly Barber of Seville.

with vaguely characterized music for the main figures. I ought in fairness to add that Paulus's melodic gift was praised by several American critics.

Furthermore, since they disbanded ten years ago, their prolonged absence has elevated an eminent reputation into a legend.

Concerts

PJBE Queen Elizabeth Hall

A triolet is nothing much to do with a trio, as W. S. Gilbert indicated by rhyming which wins violet (and also, in a very weak moment, with "sigh-o-let or little sigh").

Rather a lot of this amiable piece was added to the sort of heavy tuckering which even would have thought might bring Henry V and a few hundred horsemen trotting on stage.

There were inner-voice revelations, quirky rhythms and in fact all manner of astonishment in Cherkassky's handling of the Three Movements from Stravinsky's Perseus.

Concerts

Nicholas Kenyon

It must be an awful bother for a brass ensemble having no repertory, but Philip Jones's resourceful group has never let this stand in its way.

There were inner-voice revelations, quirky rhythms and in fact all manner of astonishment in Cherkassky's handling of the Three Movements from Stravinsky's Perseus.

Shura Cherkassky Wignmore Hall

Quintessential Cherkassky. My eyebrows shot up at the prospect of his playing Beethoven: would it be like Beecham conducting Beethoven?

Rock

Deep Purple Knebworth Fayre

A pall of damp woodsmoke from the many makeshift bonfires drifted across the rain-soaked audience as the road crew swabbed down the stage before removing the plastic sheets protecting Deep Purple's equipment.

Rock

Furthermore, since they disbanded ten years ago, their prolonged absence has elevated an eminent reputation into a legend.

Rock

presence dominated the group with nonchalant ease. But for an act of this stature it was a rather wooden performance.

Dance

La Bayadère Covent Garden

Fernando Buñones's Royal Ballet debut was only one, although by far the most striking, among several firsts at Covent Garden on Friday.

Dance

Director designate: Anthony Dowell as Belshazz in A Month in the Country, with Karen Faley

moments as the big, clear double cabriolet of his first solo or the controlled double assembles in the coda.

Dance

John Percival

interior, filled it with sand, and sculpted two dunes in the shape of breasts. "It was about a society of English people removed to South Africa but still behaving as though they were in England.

ARD LINECAR

According to Ralph Koltai, associate designer at the Royal Shakespeare Company and one of our most individualistic yet influential practitioners.

The RSC Troilus and Cressida, which opens at Stratford tomorrow, is designed by Ralph Koltai (right) who, despite his formidable reputation, considers his function is still underrated in Britain: interview by Lynne Truss

Keeping the curtain up

too overpowering for a production to support. Most notable was a controversial design for Richard III, the National Theatre in 1979.

The RSC Troilus and Cressida, which opens at Stratford tomorrow, is designed by Ralph Koltai (right) who, despite his formidable reputation, considers his function is still underrated in Britain: interview by Lynne Truss

Keeping the curtain up

Stratford, his collaboration with the director Howard Davies has resulted in a set that is superficially realistic. "My first design was much more epic and abstract, but Howard wanted an environment where the characters were believable people.

The RSC Troilus and Cressida, which opens at Stratford tomorrow, is designed by Ralph Koltai (right) who, despite his formidable reputation, considers his function is still underrated in Britain: interview by Lynne Truss

Keeping the curtain up

having to bring a curtain down: if an audience can participate in a transformation they will think quite minimal changes are wonderful.

KEOPS THE NEW DISCIPLINE FOR MEN. Shaving with products containing perfume, alcohol and soap may cause skin allergy and irritation. Give your skin the gentle touch with a new regime. KEOPS. Developed by ROC Laboratories in France.

STOCK EXCHANGE PRICES

Capitalization and week's change

ACCOUNT DAYS: Began, June 17. Dealings End, June 28. Contango Day, July 1. Settlement Day, July 8.
Forward bargains are printed on two previous days.

(Current market price multiplied by the number of shares in issue for the stock quoted)

Portfolio

From your Portfolio card check your eight share price movements. Add them up to give you your overall total. Check this against the daily dividend figure published on this page. If it matches you have won outright or a share of the total daily prize money stated. If you are a winner follow the claim procedure on the back of your card. You must always have your card available when claiming.

Table with columns: No., Company, Price, Change, Gross Div. Includes sections for PROPERTY, INDUSTRIALS S-Z, FOODS, and BANKS DISCOUNT HP.

Weekly Dividend table with columns: MON, TUE, WED, THU, FRI, SAT, SUN.

BRITISH FUNDS table with columns: Stock, Price, Change, Gross Div.

SHORTS (Under Five Years) table with columns: Stock, Price, Change, Gross Div.

FIVE TO FIFTEEN YEARS table with columns: Stock, Price, Change, Gross Div.

OVER FIFTEEN YEARS table with columns: Stock, Price, Change, Gross Div.

UNRATED table with columns: Stock, Price, Change, Gross Div.

INDEX-LINKED table with columns: Stock, Price, Change, Gross Div.

PROSPECTIVE REAL ESTATE YIELD ON PROJECTED INFLATION table with columns: Stock, Price, Change, Gross Div.

BREWERIES table with columns: Stock, Price, Change, Gross Div.

BANKS DISCOUNT HP table with columns: Stock, Price, Change, Gross Div.

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Table with columns: Capitalization, Company, Price, Change, Gross Div. Includes sections for INDUSTRIES A-D and DRAPERY AND STORES.

Table with columns: Capitalization, Company, Price, Change, Gross Div. Includes sections for CINEMAS AND TV and ELECTRICALS.

Table with columns: Capitalization, Company, Price, Change, Gross Div. Includes sections for CHEMICALS, PLASTICS and CLOTHING.

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Table with columns: Capitalization, Company, Price, Change, Gross Div. Includes sections for MOTORCARS AND AIRCRAFT and NEWSPAPERS AND PUBLISHERS.

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THE TIMES Portfolio DAILY DIVIDEND £2,000 Claims required for +58 points Claimants should ring 0254-53272

Table with columns: Capitalization, Company, Price, Change, Gross Div. Includes sections for OIL and OVERSEAS TRADERS.

Table with columns: Capitalization, Company, Price, Change, Gross Div. Includes sections for PAPER, PRINTING, ADVERT'G and PROPERTY.

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FINANCE AND INDUSTRY

Executive Editor Kenneth Fleet

Making sense of the jobless numbers

Scratch almost any of the Government's economic difficulties, and you come very quickly to the problem of unemployment.

It is astonishing, in this quagmire, that we should know so little about the labour market.

Focus, first, on what happened just in 1984. The number of people of working age increased, so that the working population could have been expected to rise by 130,000.

So much for supply. What about demand? The number of people in work is estimated to have risen by 340,000 - more than twice the number needed to absorb the demographic increase.

Our statistics on the self-employed are woefully inadequate, reflecting history. Britain has the lowest self-employment rate in the European Community.

The MSC does, however, make a stab at splitting up this crude total between full-timers and part-timers - the latter accounted for about a quarter of this increase in self-employment.

Sex, as in all newspapers, makes the picture even more interesting. The number of male employees fell by 60,000, the number of self-employed rose by 135,000.

Thus we have the picture of two markets. The number of full-time employees was still shrinking, though output had been rising modestly for three years.

There are two obvious explanations. First, that this pattern chimes with occupational changes, in which the economy has swung from male-dominated manufacturing to the service industries.

Secondly, the shift towards part-time employment has been encouraged not just by industrial change but by tax and regulatory arrangements that make part-timers cheaper.

Mr Nigel Lawson has made a start towards rectifying this distortion in the Budget, but has unfortunately done so in rather a clumsy way.

The pattern of labour supply has been influenced by tax and social security arrangements that make part-time employment well worthwhile for the wife of a man already in work.

Both the Chancellor and the Social Services Secretary are belatedly seized on the need to remove the disincentives to employment (and honesty) in the present social security system.

So what do these surveys tell us about the immediate future? Well, there are signs that the most dramatic contraction in full-time employment is at last slowing down.

The LBS is not particularly optimistic about output. It is forecasting a rise of 3.2 per cent in GDP this year, slightly less than the Treasury and a figure that looks quite conservative compared with the estimate we have just had of first-quarter output.

Admittedly, the LBS is sufficiently optimistic about world prospects to forecast 2.4 per cent growth for Britain next year.

There are some perfectly respectable arguments for this view. The beginning of an economic recovery is always marked by a surge of discouraged workers into the labour force.

There are increasing worries in the industry that more jobs will be at risk as imports grow and if the curbs, particularly on advertising, were tightened.

There are shortages already, of course, in particular industrial skills. A recent MSC survey identified 173 different occupations in short supply.

Well, that is the kind of theory on which many a hope of rapid growth was built in the early 1980s - that when stocks of goods were run down to a minimum, there would be a scramble to rebuild them.

There are shortages already, of course, in particular industrial skills. A recent MSC survey identified 173 different occupations in short supply.

Sarah Hogg Economics Editor

Barclays granted licence to open trust bank in Japan

By David Watts and Richard Thomson

Japan is to grant trust banking licences to nine foreign banks, including Barclays - the only EEC bank to be included.

Originally, only eight trust banks were expected to be allowed into the Japanese domestic market, but the Japanese finance minister, Mr Noboru Takeshita, announced at the weekend that all nine applicants would be given licences in a "truly exceptional" decision.

The licensing of foreign banks comes after strong pressure from other industrial countries for the liberalization of Japanese financial markets.

proved by the Bank of England to operate in the gilt market after the "Big Bang" on the Stock Exchange next year.

Other banks, such as National Westminster and Deutsche Bank, which had been discouraged from applying by the eight-limits limit, are likely to be angered by the decision to expand the number.

The other eight are Citicorp, Bankers Trust, Manufacturers Hanover Trust, Morgan Guarantee Trust, Chase Manhattan, Chemical Bank, Credit Suisse and Union Bank of Switzerland.

A Barclays spokesman said yesterday that the bank would set up a wholly owned subsidiary that would begin operations early next year, concentrating on pension fund management.



Noburu Takeshita: "Truly exceptional" decision

Together with Barclays' existing banking and consumer finance operations, the licence would complete its range of banking services in Japan.

least one billion yen (£3 million) for subsidiaries instead of managing pensions from their branch offices.

The move to liberalize financial markets was opposed by Japanese institutions. The banks have been waiting a long time to win a slice of the trust business in Tokyo and deal in the rapidly expanding corporate pension funds.

Other British efforts to penetrate Japanese financial markets are meeting with less success. An application by the merchant bank, Kleinwort, Benson, for a broking licence is making no progress.

WALL ST WIRE

Bonds take a double body blow

From Maxwell Newton New York

After the 3.1 per cent real GNP second-quarter growth rate and the additional blow of a 4.5 billion increase in money supply last week, bonds will have some difficulty in picking themselves up.

The economy came in stronger than expected and there was a huge money number on Thursday night. Does this mean the big bond rally is over and bonds will sink ever lower?

Attention will now switch to the Federal Reserve where there has been a running fight between Mr Preston Martin, the vice-chairman, and Mr Paul Volcker, the chairman.

Last October, under goading from Mr Martin, Mr Volcker allowed an important switch in Fed policy. Mr Martin had argued that monetary policy was too tight.

When Mr Volcker capitulated, money growth almost went through the roof, rising at an annual rate of more than 17 per cent a year in the last seven months.

This rapid rate of growth eventually snapped the nerves of the bond market participants, despite the failure of inflation to ignite and despite the failure of gold prices or non-dollar currencies to rise.

As for the Administration, it will have to hope that the big money surge since last October will indeed produce the strong economic expansion erroneously forecast by the Wall Street economists.

LBS forecast rules out tax cuts

By Our Economics Editor

Planned public spending will be £17 billion higher than the 1985-86 spending review, which is expected to peak this year.

This new prediction by the forecasting group, from which the Government chose its chief economic adviser, comes on the same day as a call from the Institute of Directors for a "July package" of spending cuts to leave room for tax cuts before the next election.

The school's forecasts of public spending are fairly optimistic about economic growth and unemployment, which is expected to peak this year.

They also assume that the price of public expenditure rises 1 per cent faster than prices in the economy as a whole.

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Saudis face challenge on controls

By David Young Energy Correspondent

Oil ministers of non-Gulf members of the Organization of Petroleum Exporting Countries are to meet in Algiers later this week to plan a strategy against strict new oil output controls.

Sheikh Ahmed Zaki Yamani, the Saudi oil minister, has already sent clear signals to the other 12 Opec member states that Saudi Arabia will use its dominant position at the ministerial meeting of the oil producers' cartel on July 5 to demand new output controls.

However, Algeria, Libya, Venezuela and Indonesia will argue that discounts which they have to offer on their official Opec prices make it impossible for them to cut their foreign earnings even further by accepting lower output quotas.

The key indicator to insolvency would be the failure of the company to meet its debts on time.

Tobacco jobs at risk

By Derek Harris Commercial Editor

Britain's tobacco manufacturers are having to renegotiate voluntary curbs on advertising and sports sponsorship while the problems with steeply mounting cigarette imports are worsening.

Already this month, Britain's biggest manufacturer, Imperial Tobacco, has announced a cigarette factory closure and other cutbacks affecting 1,700 jobs.

There are increasing worries in the industry that more jobs will be at risk as imports grow and if the curbs, particularly on advertising, were tightened.

The British Medical Association particularly is beefing up its campaign against all tobacco promotion.

Cigarette imports were negligible until the recent emergence of an ultra-low price sector.

Insolvency Bill 'obscure'

By Ian Griffiths

The Government is under pressure to amend the Insolvency Bill's provisions on wrongful trading when it reaches the report stage.

The National Consumer Council, the Confederation of British Industry and the Institute of Directors have joined forces in an effort to have those provisions clarified and made more effective.

In a joint letter to Mr Norman Tebbit, Secretary of State for Trade and Industry, they say: "We believe that the clause is obscurely worded, is unlikely to be effective where it is needed but could have undesirable consequences for the whole business community".

They have also submitted a revised clause which they would like to see incorporated in the Bill. This would ensure a clearer definition of wrongful trading.

IN BRIEF

Davis drops out of deal

Friday's announcement that News America publishing Inc. owned by Mr Rupert Murdoch, would buy six American television companies on its own instead of in partnership with Davis Oil Co, is expected to be clarified today.

EMS call

Britain should join the European Monetary System (EMS) in order to fight off currency speculators, says Dr David Lomax, National Westminster Bank's economic adviser in today's UK Economic Outlook.

Director dies

Mr David Lewis, a director of Good Relations and effectively the founder of that group's financial public relations presence, died last week.

Lufthansa criticizes fare-cutting drive

By John Lawless

Cheap fares in Europe are already biting into airline revenues, according to Lufthansa, the West German national carrier, which is about to unveil a plan to slash paying passengers paying the full fare away from British Airways and other leading competitors.

MARKET SUMMARY

Table with columns for STOCK MARKETS, CURRENCIES, and BOARD MEETINGS. Includes data for FT-100, Nikkei Dow, and various company meetings.

WITHOUT OUR ADVICE, YOUR NEXT ACQUISITION MAY NEVER TAKE OFF.

Advertisement for Deloitte Haskins + Sells. Text: It is clear that company acquisitions are an excellent way to achieve rapid growth. But there are attendant risks... Deloitte Haskins + Sells can help you establish acquisition criteria...

USM REVIEW

Pub companies alleviate the high-tech gloom

THE USM, weighed down by its heavy contingent of fused high technology stocks, is now a far cry from its 118.54 point record high achieved in May last year. On Friday, the junior market's share index, calculated by Datastream, closed at 103.79 points.

Details are due today of Goodhead Print Group, which is arriving via a placing by Capel-Care Myers, the broker. The company, with a £21 million turnover, claims to be the largest web-offset printer of free, paid for and subscription newspapers, house journals and magazines.

Although it is no longer a brewer, Heavitree is a fine example of the old established, family dominated brewery company which, until the mid-1970s, was a mainstay of the USM.

COMPANY NEWS

• NORSE HYDRO: Norsk Hydro plans to offer 200 million Danish kroner notes, 1992, in the Euro-Danish market with an annual interest coupon of 11 1/2% per cent and an issue price of 100%.

• KLP GROUP: Six months to March 31, Interim 1.2p (1p). (Figures in £000). Turnover 5,906 (4,347). Pre-tax profit 354 (347).

ORDINARY SHARES

GEC shares lose sparkle as electrical sector fades



Lord Wienstock: need for new blood at highest level

As the market moves gingerly into the main results season for the electrical sector, hopes for the future are being increasingly pinned on General Electric Company, which is due to report its annual figures next week.

That mood has inevitably spilled over on to GEC, whose shares have touched a 1985 low in recent trading. It is doubly ominous that this should be happening in the face of a tide of buy circulars from stockbrokers.

Lord Wienstock, chief executive of GEC, said that the company's "what's next?" mood has been particularly acute for followers of GEC as impatience has lengthened into frustration over the group's £1.6 billion cash mountain.

Table with columns: Capitalisation, Company, Price, Change on Friday, Gross Dividend, Dividend Yield, P/E. Lists various companies and their financial data.

ment contracts, prove its resources in innovative research and development or the aggressive marketing of new products. That may say more about Mr Edwards than it does about GEC, but it is true that a considerable internal debate has been taking place about what to do and, more importantly, how to let the next generation of management come through.

UNLISTED SECURITIES Table with columns: Capitalisation, Company, Price, Change on Friday, Gross Dividend, Dividend Yield, P/E. Lists unlisted securities and their financial data.

Table with columns: Capitalisation, Company, Price, Change on Friday, Gross Dividend, Dividend Yield, P/E. Lists investment trusts and their financial data.

Table with columns: Capitalisation, Company, Price, Change on Friday, Gross Dividend, Dividend Yield, P/E. Lists financial trusts and their financial data.

Advertisement for NCR (National Computer Resources) featuring the headline 'AT LAST, A MAJOR COMPUTER MANUFACTURER THAT'S TRULY DEDICATED TO MAKING ALL COMPUTERS COMPATIBLE.' and 'It takes NCR to give you choice in the future. Surprised?' Includes an image of a computer terminal and contact information.

Advertisement for 'Base Lending Rates' listing interest rates for various banks and financial institutions such as ABN Bank, Aden & Company, Barclays, BCCI, Citibank Savings, etc.

Advertisement for 'Base Lending Rates' listing interest rates for various banks and financial institutions such as ABN Bank, Aden & Company, Barclays, BCCI, Citibank Savings, etc.

Vertical text on the right edge of the page, likely a continuation of an advertisement or a sidebar.

RACING: FRENCH DERBY WINNER NOT CERTAIN TO RUN AT CURRAGH



Petrovich and Tony McGlone take the measure of their rivals in Saturday's Steel Plate and Sections Victory Cup at Ascot (Photograph: Ed Byrne)

Skaramanga icing on the Cecil cake Aga delays on Mouktar

Henry Cecil, champion Royal Ascot trainer for the fifth time, finished Ascot week by sending out 'Skaramanga' to win the Churchill Stakes impressively at the Heath meeting on Saturday.

Heavy rain caused the official going to change to good to soft, and Russell Creek loved the mud. She beat English Spring by one and a half lengths, survived a stonewall inquiry into interference, and gave Charles Booth, the Yorkshire trainer, his first flat success at Ascot.

Mouktar, whose victory in the Prix de la Jockey-Club (French Derby) took his career record to five, impressed in a workout over 11 furlongs at Chantilly on Saturday.

By Mandarin
GUY HARWOOD'S team, out of action for so much of the season with a virus burst back onto the scene at Royal Ascot when all his representatives won or ran extremely well. So, as finding a stable in form seems to be half the battle these days, Harwood's outfit Darling is napped to win the third quarter of the Pontefract Maiden Mile Championship.

A 76,000 guinea purchase as a yearling, Darling shaped with a youthful promise when he made his racecourse debut at Newmarket earlier this month. Looking patently in need of the race, the son of Bold Lad (nee) never threatened to win but stayed on well, without being subjected to maximum pressure, to take fourth place, a little under four lengths behind the winner Ferkin Warbeck.

Daring to maintain Harwood revival

By Mandarin
GUY HARWOOD'S team, out of action for so much of the season with a virus burst back onto the scene at Royal Ascot when all his representatives won or ran extremely well.

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BRIGHTON

Table with 3 columns: Race number, Name, and Odds. Includes races like 'Going: good to firm', '2.0 LEVY BOARD APPRENTICE STAKES', and '4.0 MOULSECORB SELLING STAKES'.

Brighton selections
By Mandarin
2.0 Falvia, 2.30 Sound Reasoning, 3.0 Mezzaria, 3.30 Northern Love, 4.0 Skywalk, 4.30 Mirva, 5.0 Noafyia.

Table with 3 columns: Race number, Name, and Odds. Includes '2.30 BEVENDALE MAIDEN FILLES STAKES' and '3.0 PEACEHAVEN HANDICAP'.

Table with 3 columns: Race number, Name, and Odds. Includes '3.30 BRIGHTON MILE CHALLENGE TROPHY' and '5.00 JOURNALIST HANDICAP'.

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Table with 3 columns: Race number, Name, and Odds. Includes '4.0 MOULSECORB SELLING STAKES' and '5.00 JOURNALIST HANDICAP'.

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Table with 3 columns: Race number, Name, and Odds. Includes 'PONTFRACHT' and '2.45 JUVENILE MAIDEN AUCTION STAKES'.

Table with 3 columns: Race number, Name, and Odds. Includes 'PONTFRACHT SELECTIONS' and '2.45 MISCHIEVOUS LAD'.

Table with 3 columns: Race number, Name, and Odds. Includes 'WOLVERHAMPTON' and '6.35 DAWLEY MAIDEN FILLES STAKES'.

Table with 3 columns: Race number, Name, and Odds. Includes 'WOLVERHAMPTON SELECTIONS' and '7.05 FEATHERSTONE SELLING HANDICAP'.

Table with 3 columns: Race number, Name, and Odds. Includes 'COURSE SPECIALISTS' and 'LEADERS ON THE FLAT'.

Table with 3 columns: Race number, Name, and Odds. Includes 'SATURDAY'S RESULTS' and 'Ayr'.

Law Report June 24, 1985 Court of Appeal

Court refuses to question law of friendly foreign state
Settebello Ltd v Banco Totta & Acores
Before Sir John Donaldson, Master of the Rolls, Lord Justice Neill and Sir John Megaw.

Adjourning contempt case was wrong
Caprice v Boswell
Before Lord Justice O'Connor and Mr Justice Hildes.

Law Report June 24, 1985 Court of Appeal
Settebello Ltd v Banco Totta & Acores
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Law Report June 24, 1985 Court of Appeal
Settebello Ltd v Banco Totta & Acores
Before Sir John Donaldson, Master of the Rolls, Lord Justice Neill and Sir John Megaw.

Cambridge tripos

Annals dislocation... A.M. Hughes, Sue Cook... Cambridge tripos results... Leaders on the TRAINERS... COACHES... results... vesting... contempt... wrong

LA CRÈME DE LA CRÈME

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Urgently required for small dynamic property consultants. W2. Successful applicant must be prepared to work on own initiative.

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The dynamic female sales executive is looking for a young man to assist her in her business.

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Secretary required by Divisional office of large international hotel company based in SW16. Position is very varied and responsibilities will increase rapidly as knowledge of the company grows.

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HORIZONS The Times guide to career choice

Student nursing by degree

Much of the recent discussion on changes in nurse education has centred on the proposal that trainees should be removed from the present 'apprenticeship' system and given full learner status...

For several years the profession has been quietly increasing its number of registered nurses trained in such a way. They are the students qualifying by means of a degree course...

These fears have not been realized. One course director states that all her best graduates have also been excellent clinical nurses...

'There is a popular misconception,' says the ENB, 'that all graduate nurses are automatically slotted into teaching or administration. Many of themselves making their careers in clinical areas.'

Degrees do not automatically lead to promotion. Graduates must first prove themselves good nurses. Nor do they qualify for higher salaries...

But nursing degrees are not for everyone and should not be undertaken without careful thought. Run jointly by a university or polytechnic and a school of nursing...

Temporarily applying to friends do a course... But nursing degrees are not for everyone and should not be undertaken without careful thought.

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THE "SHELL" TRANSPORT AND TRADING COMPANY, p.l.c. Notice is hereby given that a balance of the register will be struck on Thursday 1st July 1985...

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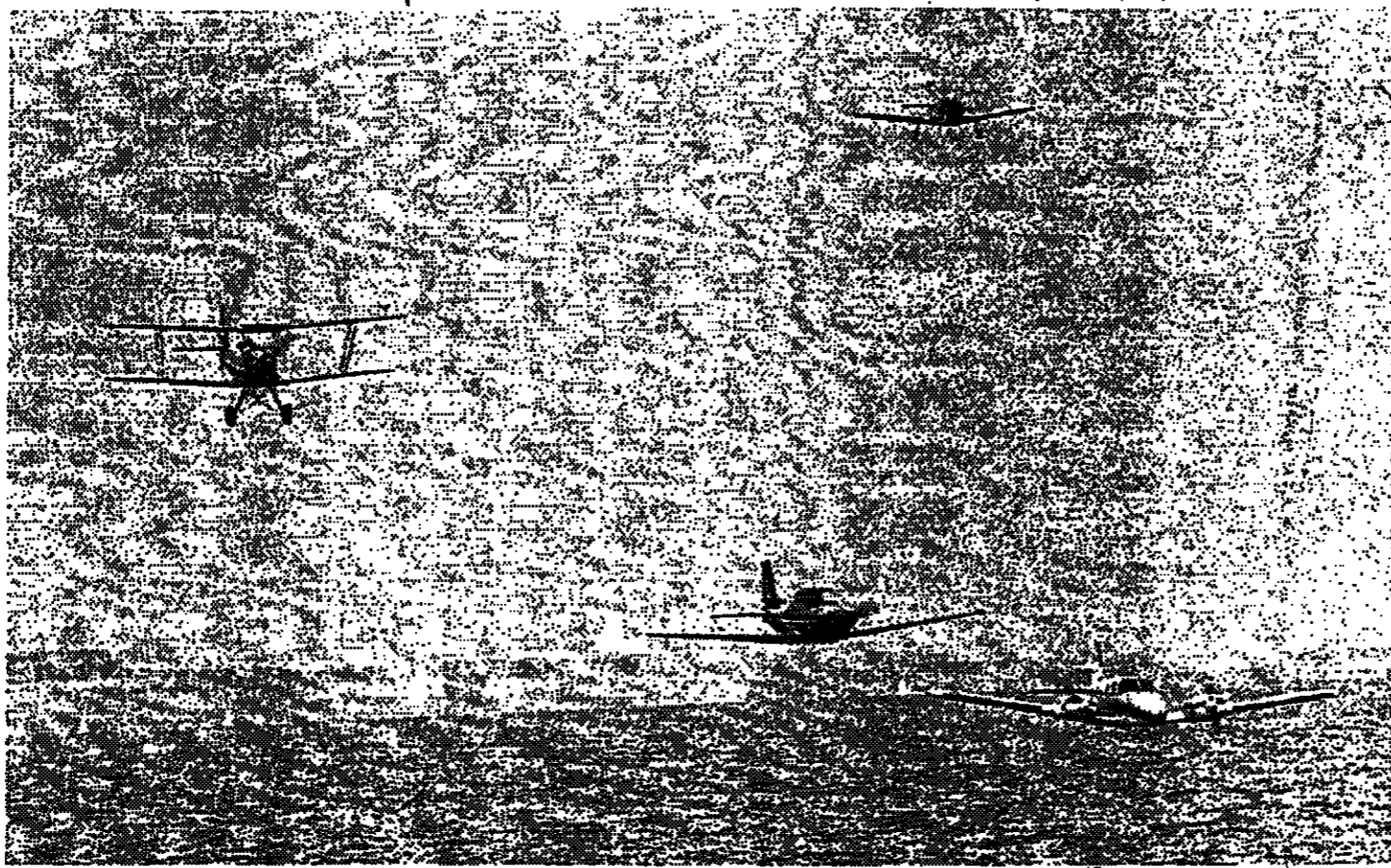
TUC in move to expel AUEW

By David Felton Labour Correspondent The inter-union dispute over the decision by the Amalgamated Union of Engineering Workers to accept more than £1m from the Government to finance postal ballots will surface today when the first steps will be taken towards expelling the union from the Trades Union Congress.

The AUEW's acceptance of government funds has split the union, with some unlikely alliances being forced as the labour movement grapples with differences of opinion on whether to work within the Government's labour laws. The push for the AUEW's expulsion at today's meeting of the TUC's "inner cabinet", its finance and general purposes committee, is likely to be led by Mr David Bassett, the centrist general secretary of the General, Municipal, Boilermakers and Allied Trades Union, who has argued that the engineers should have waited for the TUC to draw up a fresh policy on the laws.

But expansion is opposed by the left-led Transport and General Workers' Union, the country's largest, whose general secretary, Mr Moss Evans, said yesterday that he was hoping instead for the AUEW to "freeze" the one million pounds until the TUC's congress in September decided on whether to modify its policy of non-cooperation with the employment legislation. It would be a retrograde step for any trade union in Britain to be expelled from the TUC at a time when it needs unity, Mr Evans said yesterday on the eve of his union's biennial conference in Bournemouth.

Pilots stage revival of a by-gone race



Piston-powered planes of all ages taking part in the Digital Schneider Trophy race. (Photographs: Dod Miller).

Priority for tax cuts backed by Thatcher

Continued from page 1 security and defence spending, areas where further heavy cuts would cause political damage.

In the Cabinet discussion, Mrs Thatcher and the Treasury team would have been opposed by ministers like Mr Peter Walker who believe that the Government should be spending more in a drive to reduce unemployment, and not engaging in further bouts of tax-cutting.

There have been signs recently that that school of thought has been winning increasing support in the Cabinet, and the silence of Mr Leon Brittan, the Home Secretary, on issue of tax cuts last week was intriguing. Yesterday's discussions were not immediately concerned with the annual public spending round, which gets under way next month when the Cabinet fixes the public expenditure ceiling for 1986-87. Ministers have already submitted spending bids some £5 billion more than the Treasury target of £139 billion.

ministers that they were not there to argue their departmental corners. Mr David Steel, the Liberal leader, said last night that the Cabinet should have had investment, not tax cuts, at the top of its agenda.

"In Britain's present predicament, to scribble and save on vital Government plans in order to find a pre-election giveaway is politically and economically crass. The Tories underrate the electors if they think they would be hoodwinked by a splurge of tax cuts in 1986 and 1987," he said.

Mr Steel said Mrs Thatcher would make the greatest mistake of all if she thought the British electorate could be treated "like greedy children whose good behaviour at the polls could be purchased like a last minute bag of sweets in the shape of tax cuts."



Race winners Simon and Robin Snook in the cockpit of their Robin Aiglon aircraft.

An international field of pilots yesterday competed in the world's largest closed circuit air race, a modern revival of the Schneider Trophy seaplane contests of the inter-war years. Flying over the Solent, more than 50 aircraft, including a Spitfire and RAF Bulldogs, set out to complete three laps, a total of 135 miles, taking in Portsmouth and Ryde and Bembridge, on the Isle of Wight.

At times, speeds were in excess of 230mph. The race, which offered prize money totalling £10,000 and the new Digital Schneider Trophy, was won by Simon and Nick Snook, flying a Robin Aiglon. Open to piston-engined aircraft of up to 12,500 lbs, the race is a handicapped event, and in contrast with the early contests, it is between the planes and not against the clock.

Village voice United front to challenge the milkmen's prices

The distinguished journalist, VICTOR ZORZA, resumes his columns from a Ganges village beneath the Himalayas with an account of events when the villagers demanded more money for their milk.

The villagers needed a champion who would protect them from exploitation by outsiders, but for many years no one came forward. One boy, still in his early teens, had always insisted that the only way to get the better of the strangers was to present a united front. When he reached his early twenties, some villagers began to listen to him.

"Why," Purosham asked, "should we accept less than our due?" The milk produced by the village cows was collected every morning by milkmen from town. They sold it for twice as much as they paid the villagers. The price had been rising for years, but the milkmen had never passed any of the increase on to

Purosham awaited them in the lane. The whole village was there - the young and the old, even some of the women. At the edge of the crowd children watched wide-eyed and alert a confrontation which, they knew, might end in a fight. The villagers flung angry words at the milkmen, who repaid in kind. Somebody pushed over a bicycle. Purosham tried to calm down his supporters and gradually his voice rose over the hubbub.

He reiterated the complaints he had put so often to the milkmen, gathering all his arguments now into a reasoned, logical sequence. As he warmed to his theme he grew impassioned, working himself up to a high pitch of excitement with his recital of the villagers' grievances. The villagers, thrilled to hear their case presented so convincingly, so eloquently, had fallen silent, listening spellbound to their spokesman. No one had ever argued so articulately on their behalf.

The milkmen were unmoved. They could afford no increase, they said. The village was a long way from town and it took them all day to get there and back by bicycle. The track through the jungle was difficult to negotiate, the milk often spilled out on the way, the bicycles broke down. If they paid the villagers any more, they insisted, they would make no profit at all; it would not be worth their while. They hadn't yet paid off the loans they had taken to buy the cycles. They knew, of course, that the village couldn't do without them. Villagers would not find it easy to sell their own milk in town. They would have to break into the tightly knit distribution network which controlled the market; take time off from working in the fields when the soil and the crops needed attention; obtain loans for bicycles, which would be difficult without any assurances that the investment would yield a return.

The milkmen stood their ground. They wouldn't pay another penny, they said. "Take it or leave it."

Purosham blamed by the villagers

Some of the villagers began to hesitate, but Purosham stood them. They had all promised to hold out, he reminded them, come what may. The milkmen mounted their bicycles and pedalled off towards the jungle.

The villagers hadn't expected this. They had hoped that in the end the milkmen would offer an increase, however small. Now the villagers blamed Purosham.

"Don't worry," he assured them. "I have a plan."

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Nature notes

Gannets on their steep cliffs have a single downy-white nestling they lean over it, with their sharp blue bills open wide and the young bird swallows the fish that they regurgitate. Shags are nesting in similar rocky places: the pale brown nestlings put their heads right down their parents' throats to feed. The adult shags are already losing the curly black tuft on their crown that gives them their name. Tawny owls range far at night to gather mice and beetles, and are heard hooting in unpopulated gardens. The young of the nest-hole pipe lily, sometimes beginning to call even before they have broken out of the egg.

Lesser spearwort, a small buttucous with long, pointed leaves, is growing in wet ditches. Pink dog roses fill the hedges; the large purple flowers of meadow cranesbill are appearing on roadsides. Three kinds of dandelion-like flowers are flourishing: the hawkbit has a single flowerhead on a bare stem; many of the hawkweeds and the hawkbit has multiple flowerheads, but the hawkbit has distinctive leaves that clasp the stem like a pair of pincers. Commonest now is the smooth hawkweed but many of the species interbreed, making exact identification very difficult. D J M

Roads

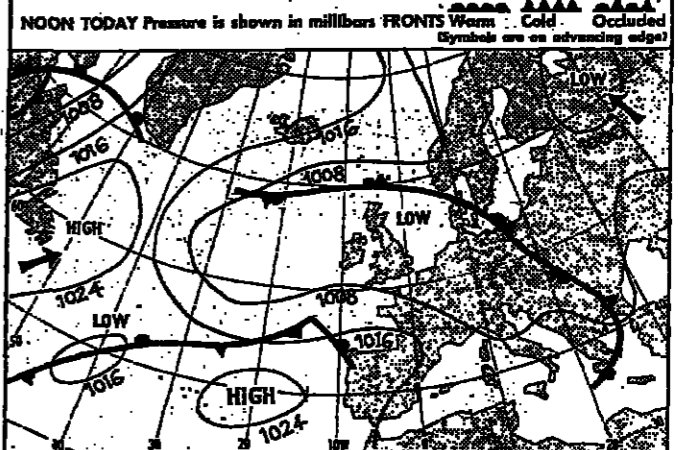
Scottish M74, between junctions 1 and 2 (A71 and A71 turn-offs 5 of Hamilton), contraflow system due to construction work, temporary contraflow system in place until further notice. Duncraig, Leith, temporary contraflow system. Junction 29 (A88 N) closed. Junction 24 (A72 N) closed. Junction 24 (A72 N) closed. Junction 24 (A72 N) closed. Junction 24 (A72 N) closed.

Papers

The New York Times draws attention to the seven other American hostages held in Lebanon, whose fate has been largely overlooked during the Beirut airport drama. It urges President Reagan to demand their release as well and to state openly that he will call on Israel to resume its release of the 766 Lebanese once all the Americans are safe.

Weather

A decaying depression to the W of Scotland will be slow moving, with a showery W to NW airstream over much of the British Isles.



NOON TODAY Pressure is shown in millibars. FRONT: Warm, Cold, Occluded. Symbols are on surrounding edges.

Table with columns: Sun, Moon, Wind, Rain, etc. for various locations. Includes a section for 'Lighting-up time' with details for London, Edinburgh, etc.

High tides

Table listing high tide times and heights for various coastal locations in the UK, including London Bridge, Liverpool, Southampton, etc.

Around Britain

Table with columns: Sun, Rain, Misc. for various locations across Britain, including East Coast, South Coast, West Coast, and Scotland.

Abroad

Table with columns: O, F, C, F, O, F for various international locations, providing weather forecasts and other data.

The Times Crossword Puzzle No 16,771

The crossword puzzle grid for No. 16,771, with numbers indicating the starting positions of the words. The grid is a standard 15x15 size.

- ACROSS: 1 Reround an expression from the Red Berets (10). 6 A hundred soldiers in Israel (4). 10 Joins providing second cuts (7). 11 Long-suffering member of a panel once (7). 12 International set-back before beginning of the alliance (4,5). 13 One grievance rejected by Eimelech's wife (5). 14 In which a traveller used to be given a RR (5). 15 Arguments caused by, say, unknown amount of bell-ringing (9). 17 It's material to Finn, a footballer (9). 20 Order five hundred - or one hundred? (5). 21 Obvious backing for priest in Holy Writ (5). 23 Is more important than exits, we hear (9). 25 Outstanding feature of some works of art (7). 26 Runner who worries (7). 27 The bird was a fool (4). 28 Upper cleft somehow makes us tense (10).

The Solution of Saturday's Prize Puzzle No 16,770 will appear next Saturday

Anniversaries

Births: Horatio Herbert, Earl Kitchener, Listowel, co Kerry, 1850. Deaths: John Hampden, parliamentarian, Thame, Oxfordshire, 1643; Adam Lindsay Gordon, poet, New Brighton, Australia, 1870; Grover Cleveland, 22nd president of the USA, 1895-99; Princeton, New Jersey, 1908; Walter Rathenau, statesman, assassinated, Berlin, 1922; Stuart Davis, abstract artist, New York, 1964. Forces of Robert the Bruce defeated those of Edward II at Bannockburn, 1314.

Parliament today

Commons (2.30): Opposition motion on Britain's skill needs; discussion on Education Bill; motion on EEC Lome Convention order. Lords (2.30): Local Government Bill, report stage (6th day).

Bond winners

Winning numbers in the weekly draw for £100,000, £50,000 and £25,000 Premium Bond prizes, announced on Saturday are: £100,000: 13XL 064708 (co Oxfordshire); 05005: 55F 544087 (Essex); £25,000: 5PN 976455 (Stoke-on-Trent).

Air India crash

The emergency number for information about the Air India 747 crash is 01-897 6311.

Wimbledon starts

Wimbledon fortnight starts today: 12.30 on the outside courts, 2 on the centre and No 1 court. Order of play, page 19.

The pound

Table showing exchange rates for various currencies: Dark Bank, Bank, Gold, etc. Includes a note about the solution of Saturday's prize puzzle.

June 24, 1985



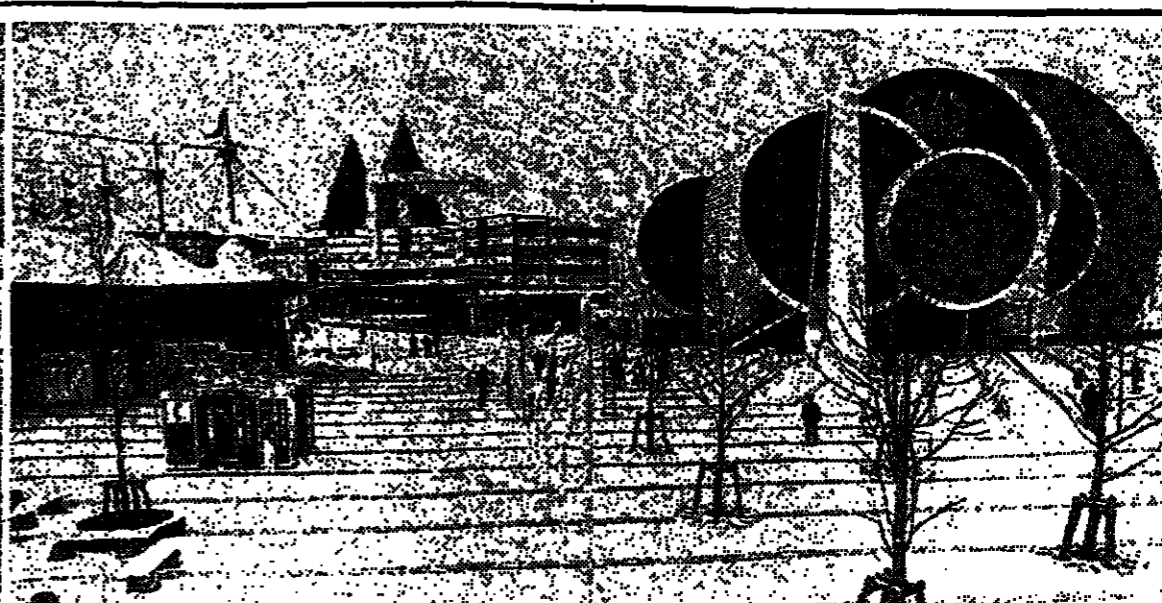
1600-1700: Hirsute, ruddy Westerners are an object of curiosity to the Japanese



1859-64: Rutherford Alcock, the first British Minister in Edo (Tokyo)



1872: Opening of British-financed railway, designed by Edward Morrell, between Edo and Yokohama



1985: The shape of things to come: Pavilions at Expo '85, the international technology show at Tsukuba, north-east of Tokyo. Exhibits include robots and a magnetic-levitation railway

Eastern pupil, Western teacher

THE TIMES

1785-1985

This Bicentenary Special Report looks at British links with Japan since Will Adams was stranded off the coast of Kyushu in 1600 and at likely changes in Japanese society between now and the year 2000

Though Britain and Japan are located in different hemispheres, they have historical links extending over four centuries. This is because they are both nations of seafarers who sought adventures on the high seas in a later phase they were two island-empires, and more recently they have become export-conscious states in search of overseas markets.

The earliest phase is associated with the name of Will Adams, born in Gillingham, Kent, who joined a Dutch expedition to the East via Cape Horn and found himself stranded in 1600 in *De Liefde* off the coast of Oita. Adams, who must have given the impression of being a practical man, evidently caught the eye of his captors and of Tokugawa Ieyasu, the *shogun*, in particular.

Ieyasu took the Englishman into his service, hoping to harness to his own military purposes Adams's expertise in navigation, shipbuilding, gunnery and mathematics. Granted a country estate in Japan, Adams does not seem to have been tempted back to England, although he undertook overseas missions to the Philippines and Cochinchina. He urged the London East India Company to explore the Japan trade, and it did send vessels and establish a "factory" at Hirado. But, despite the efforts of "Captain" Adams, who himself became an employee of the enterprise for a while, the venture failed.

Adams died in 1620, and his influence had waned some years earlier. By his will he left half of his estate to his wife and child in Britain and half to his son and daughter in Japan. Two decades later the *shogun* ordered the country to be closed and foreigners, apart from the Dutch, removed.

Two centuries later, Commodore Matthew Perry of the United States navy brought his squadron to Tokyo Bay in 1853-54 and forcibly opened the country to foreign trade. Since the 1790s, as Britain had become more conscious of Pacific sea-routes and began to conduct whaling expeditions in north Pacific waters, its sailors had been trying to open Japan. When Perry succeeded, Admiral James Stirling of the British China Squadron was not far behind and secured the same privileges as the Americans. Then followed diplomatic representatives like Rutherford Alcock and Harry Parkes, who, in an unbending and paternalistic way, tried to encourage the "westernization" of the country.

Coming into power after the civil war, the Meiji government was receptive to foreign ideas on modernization and sent the Iwakura mission around the world to pick up ideas, includ-

ing a stay of three months in Britain (August 1872). What they evidently wanted from Britain was education in technology.

The result was that British scientists went out to Tokyo to teach and Japanese came to study at British universities.

Around the turn of the century there was an increasing political rapprochement between the two countries which grew out of mutual fear of an expanding Russia. This developed into the Anglo-Japanese Alliance (1902-23) but the friendship should not be dated much before this. At the time of the war between China and Japan in 1894, British sentiment was in favour of China. At the beginning of the war Britain had tried to mediate and, when this was unsuccessful, to keep Japan's military activities within bounds.

So the Anglo-Japanese Alliance was not the outcome of a long-standing friendship. It was not until the Russians occupied Manchuria late in 1900 and were not willing to be dislodged that the real rapprochement took place.

The alliance spanned a long period of great success and rapid development for Japan. It successfully fought in wars

against Russia (1904-05), and against the Central Powers (1914). Its export-import trade rose from £22 million in 1908, through £136 million in 1913 to £441 million in 1928. In the early period it was able to raise funds readily on the London money market; and by the end of the First World War it had become a capital-exporting country. By 1920 it had emerged as the third largest naval power in the world and had received island territories in the Pacific mandated to it by the League of Nations.

It became increasingly difficult to hope for the return of the alliance in the 1930s, when Japan was flexing its muscles. Ad-hoc agreements on

naval and other matters might have been attempted, but the resuscitation of the alliance of former days was never attainable. As Anglo-Japanese relations entered what the Japanese call their "Valley of Darkness" in the later 1930s, there were still those in Japan who sought some arrangement. Certainly Britain was sorely over-stretched in Europe and vulnerable in the East. But, after December 1936, when some policy groups in Japan decided on a "southern strategy", and after July 1937, when the China incidents began, it became difficult for Britain to consider any form of rapprochement with Japan and a collision between the two

countries became more likely. By 1945, when Japan emerged from its Dark Valley, great changes had taken place in east Asia. The United States, which had tended in the pre-war years to leave the running in the region to Britain, was now in unquestioned ascendancy. Britain's race in that part of the world was almost run. In place of the pre-war Anglo-Japanese relationship, which was essentially a political one between Great Powers, a more modest commercial relationship had to be substituted.

Down to 1962 Britain still had a favourable trading balance with Japan, though the gap was narrowing year by year. Thereafter Japan accumulated surpluses. While Japan was saluted by *The Economist* in the late 1960s for its economic miracle, Britain's industry and economy were languishing.

The relationship has increasingly deepened since the 1960s. Following the treaty on cultural exchange, teachers and, later, pupils have visited the country of the other in growing numbers. The Anglo-Japanese trade agreement was signed in November 1962 after seven years of complicated negotiations. It somewhat relieved the discrimination which had

hitherto been widely practised against Japanese goods and marked a new phase in Japan's commercial standing in the world. It led indirectly to Japan's formal admission to the Organization for Economic Cooperation and Development in 1964.

In 1981 the British and Japanese governments entered into an agreement to examine the possibilities of cooperation over high technology and of collaboration industry by industry. Whatever comes of this arrangement, it is a symbol of attempted cooperation between two societies of great technological competence brought together inevitably in a world which has contracted.

Not that the relationship should be looked at entirely in economic terms. To be sure, Britain and Japan are bound to have substantial differences of interests which are in turn bound to catch the headlines. "Trade friction" is not an easy issue to resolve.

But there is also a political dimension: they are similar countries. Both are democracies perched dangerously off a continental land-mass. While Britain is a member of the EEC and Japan's closest relationship

is with the United States, the governments of Mr Nakasone and Mrs Thatcher are remarkably similar in the non-Keynesian economic policies they are pursuing.

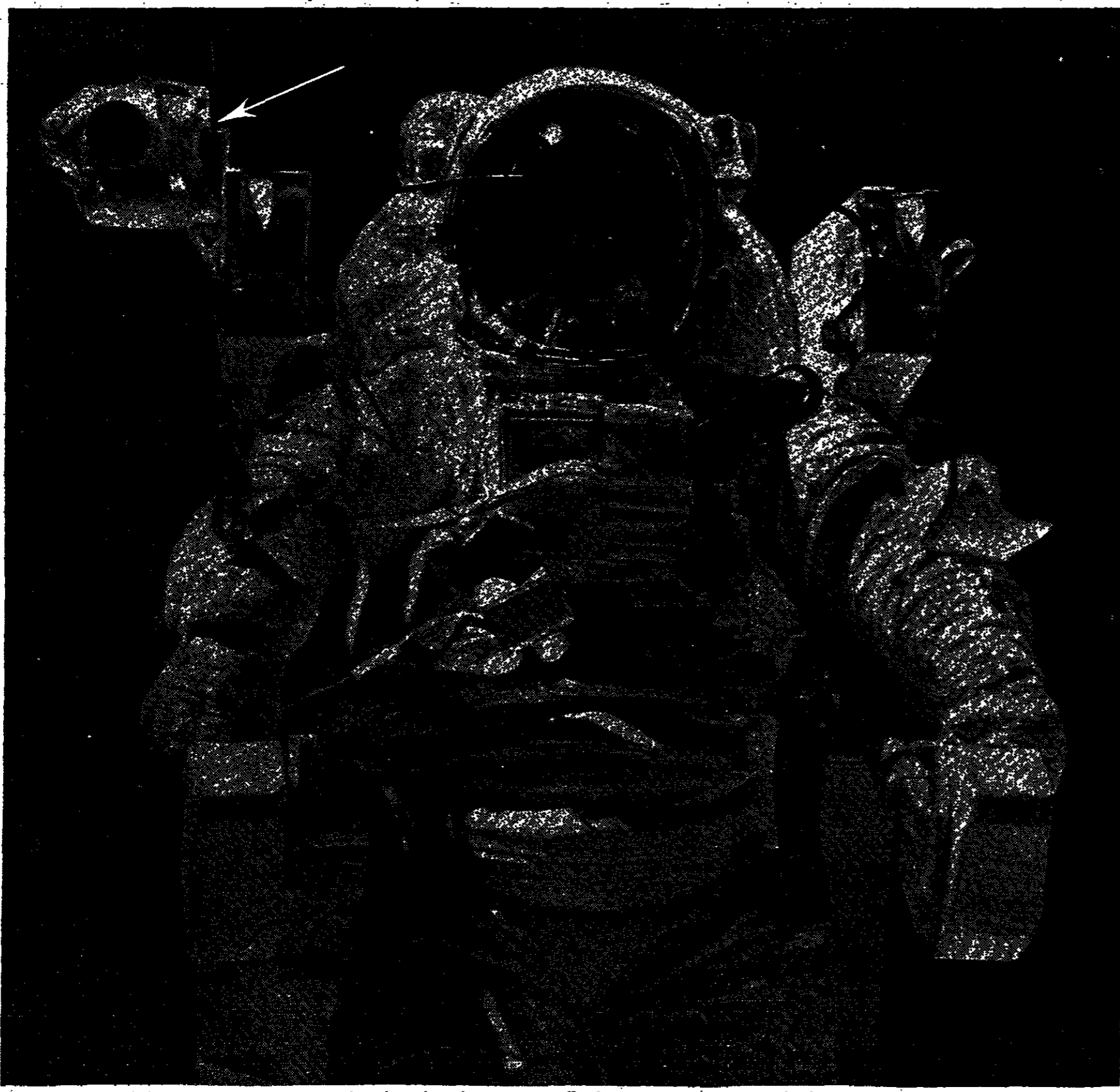
Japan needs allies who believe in free trade in an increasingly protectionist world; and Britain could be a useful friend in such a quest. Britain needs foreign investment and wider markets: in the first of these Japan has already played a considerable part, in the second Britain seeks Japan's liberalization of imports and the reduction of non-tariff barriers to trade.

Yet, even if the main thrust of official exchanges from the British side has recently tended to be the strident one of commercial complaint, there is among the British people a strong admiration for Japan's remarkable development and achievement since the war. That achievement, of course, owes much to the steady progress which Japan has made since the Meiji period - a time when Britain placed its weight behind Japan at a crucial stage in its development as a modern state.

Ian Nish

The writer is Professor of International History, London School of Economics, and author of *Japanese Foreign Policy, 1869-1942* and *The Origins of the Russo-Japanese War*

- Nakasone on the future ● Trade surpluses ● Defence build-up ● Regional development ● Overseas investment ● Educational reform ● The newspaper boom ● Martial arts in Britain, English literature in Japan



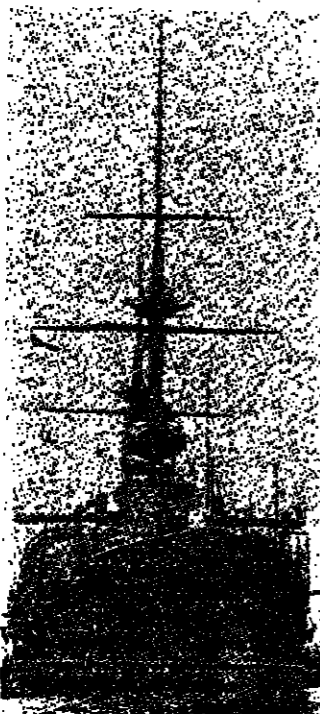
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Britain's aid for the Meiji reformers



British-built warship Mikasa

The arrival in 1853 of the "Black Ships" from the United States under the command of Commodore Perry and the American role in the conclusion of the treaties between Japan and the Western powers of 1858 have made it seem that the United States was the predominant foreign influence in the modernization of Japan.

In fact the European powers, especially Britain (then France and Germany), played the major role. An important factor was British dominance in the Far Eastern trade and the advance of British industry and technology following the industrial revolution.

In the years 1859 to 1864, Rutherford Alcock, the first British Minister, and Colonel St John Neale, the British *chargé d'affaires* while Alcock was on leave, mainly responded to events. However, some of these responses, including the bombardment of Kagoshima in 1863 and the action to keep open the Straits of Shimonoseki in 1864, were important

elements in the fall in 1868 of the *bakufu*, as the shogun's government was called.

The second British Minister, Sir Harry Parkes, who arrived in 1865 and stayed until 1881, did much more than respond. He quickly saw that the *bakufu* were in an increasingly weak position and, helped by his able young Japanese-speaking secretary Ernest (later Sir Ernest) Satow, developed close contacts with the *daimyo* who were plotting to overthrow the *bakufu* and restore imperial rule.

The British had more merchants in Japan at this time than any other Western country. It was not, therefore, surprising they were quickly involved in the development of Japanese industry. Of all the early British merchants, Thomas Blake Glover was the outstanding figure. He arrived in Nagasaki in 1859 and quickly established contacts with the southern *daimyo*, selling them ships and arms. At Nagasaki, British shipwrights began work

as early as 1861 and from this beginning developed the great Mitsubishi shipyard.

For his part, Glover helped to establish sugar factories in the Ryukyu Islands and was influential in the development of the first modern textile mill in Kagoshima in 1866. Seven British technicians set up a spinning and weaving factory with spindles and looms bought from Pratt & Company of Manchester. Glover, together with Jardine Matheson & Company, was also involved in early coal-mining projects in Kyushu. In Hakodate, in Hokkaido J. H. Thompson also founded a shipyard in 1865.

British engineers were responsible for the early Japanese railways and a loan was raised in Britain to pay for the first one to be built. It ran from Yokohama to Tokyo and opened for business in 1872. Edward Morrell was the chief engineer.

The most outstanding figure among British engineers in Japan in those early days was

Richard Henry Brunton. Under Parkes' auspices, he arrived in 1868 with two assistants to set up a lighthouse system with equipment which, until 1871, came directly from Britain. By 1873, despite great difficulties, 31 lighthouses had been set up. Brunton also helped to build the first telegraphs between Yokohama and Tokyo and between Osaka and Kyoto.

In the naval sphere, the British helped to train the Imperial Japanese Navy, beginning with the Douglas mission in 1873, and built the first major Japanese warships.

The Japanese were determined to replace foreign engineers as soon as possible with their own workers. They therefore placed great emphasis on engineering and scientific training, in which the British played a prominent part. With the help of Jardine Matheson, British scientists and engineers were recruited to teach in Japan - an example was Henry Dyer, who came out in 1873 to help set up an engineering college.



Traditional posture: Feet on the seat on the railways

the language and customs of the Ainu, the indigenous inhabitants of Hokkaido.

British intellectual influence was very strong in these early years. Many of the new leaders had escaped from the enforced seclusion of Japan to study in Britain. They brought back with them ideas derived not only from Victorian literature but also elements of British political and economic philosophy.

The British also had a genuine interest in Japan. The Consular Service produced many fine scholars of Japanese, including Ernest Satow and W. J. Aston. One of the most influential British scholars of Japan was Basil Hall Chamberlain who became such a scholar of the country's language and literature that he was appointed Professor of Japanese at Tokyo Imperial University.

Influence in banking and finance was not limited to the study of the economic theories of Adam Smith, Malthus and Ricardo. A number of British loans were arranged and British banks controlled the foreign exchange and discount business in the treaty ports.

Britain was also an influence in the Japanese Mint. In 1868 the British Mint in Hong Kong was bought by the Japanese government but was destroyed by fire in 1869. However, equipment for another mint in Osaka was ordered from Britain and the former Master of the Hong Kong Mint, Major Williams Kinder, was employed from 1870 to 1875 to run it.

Other British teachers included W. E. Ayrton, who taught physics, and Edward Diver and R. W. Atkinson, who taught chemistry. James Alfred Ewing became Professor of Mechanical Engineering and Physics at Tokyo Imperial University in 1878 and John Milne taught geology, mining and seismology.

Because the Japanese decided in 1869 to adopt German medicine as their basic system, British influence on the

Missionaries went there but had an uphill task

development of Western medicine there is sometimes overlooked. Dr William Willis, who came to Japan as the British Legation doctor in 1862, was at the forefront as a surgeon and teacher of surgery in the civil war in 1868, and became the first head of a hospital of Western medicine in Tokyo in 1869. He later established the first Western hospital and medical school in Kagoshima.

British missionaries came to Japan in significant numbers after the Imperial Restoration of 1868 but they had an uphill task as the Japanese authorities continued for some time the basically anti-Christian policies of the *bakufu* and religious toleration was only reluctantly accepted in 1873. Among British missionaries, mention must be made of Dr John Batchelor (1854-1944), who became the foremost scholar of

APRIL 7, 1904
(RUSSO-JAPANESE WAR)

Coverage of the war was entrusted to Lionel James, who had previously reported the Boer War for The Times.

At a cost of £1,500 a month he chartered a 1,200-ton steamer, the *Hainan*, in Hong Kong and loaded it with wireless equipment. His first despatch from the ship was telegraphed to London, via a relay receiving station on the Chinese mainland, on March 14, 1904. The next month the *Hainan* was boarded by a Russian cruiser. What James could not reveal to Times readers in his report of the incident was that the *Hainan* carried a Japanese naval officer, who was acting as intelligence officer and censor. On the approach of the Russians, the Japanese had hastily disguised himself as a Malay steward, having told James he would commit suicide if detected. Fortunately he escaped the Russians' notice.

This morning, returning past Dalny, we saw a four-funnelled cruiser, undoubtedly a Russian. We stood on our course, and the cruise gave chase when we discovered her to be the *Bayan*. She stood after us, ran parallel, made out our ensign, and then stood away.

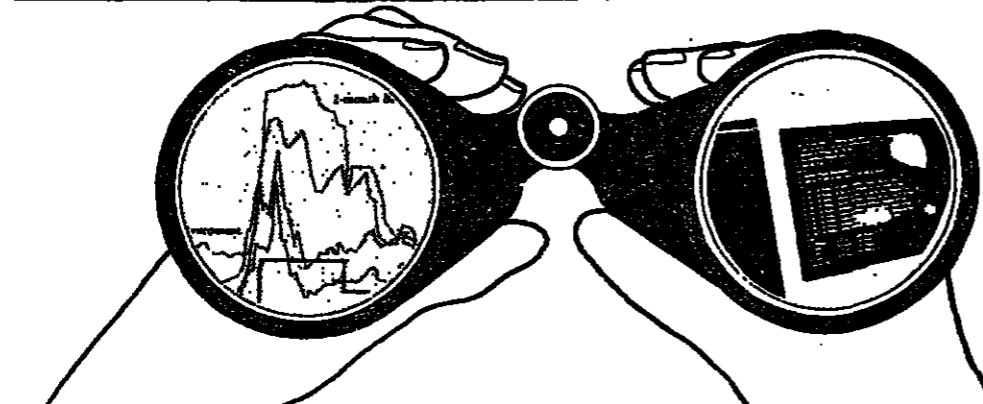
On second thoughts she came back and fired a single shot across our bows. Then she ran in under our stern and sent a boat to board us.

Two lieutenants politely examined our papers, the last the crew of the wireless telegraphy plant, and my recent messages.

JULY 19, 1910
(JAPANESE CHILDREN)

In 1910 The Times published a special edition on Japan which ran to more than 400 pages and coincided with a Japanese exhibition in London. Among the many articles was one on Japanese children by Eliza Ruthven Scidmore, an American authoress of several books on Alaska and the East.

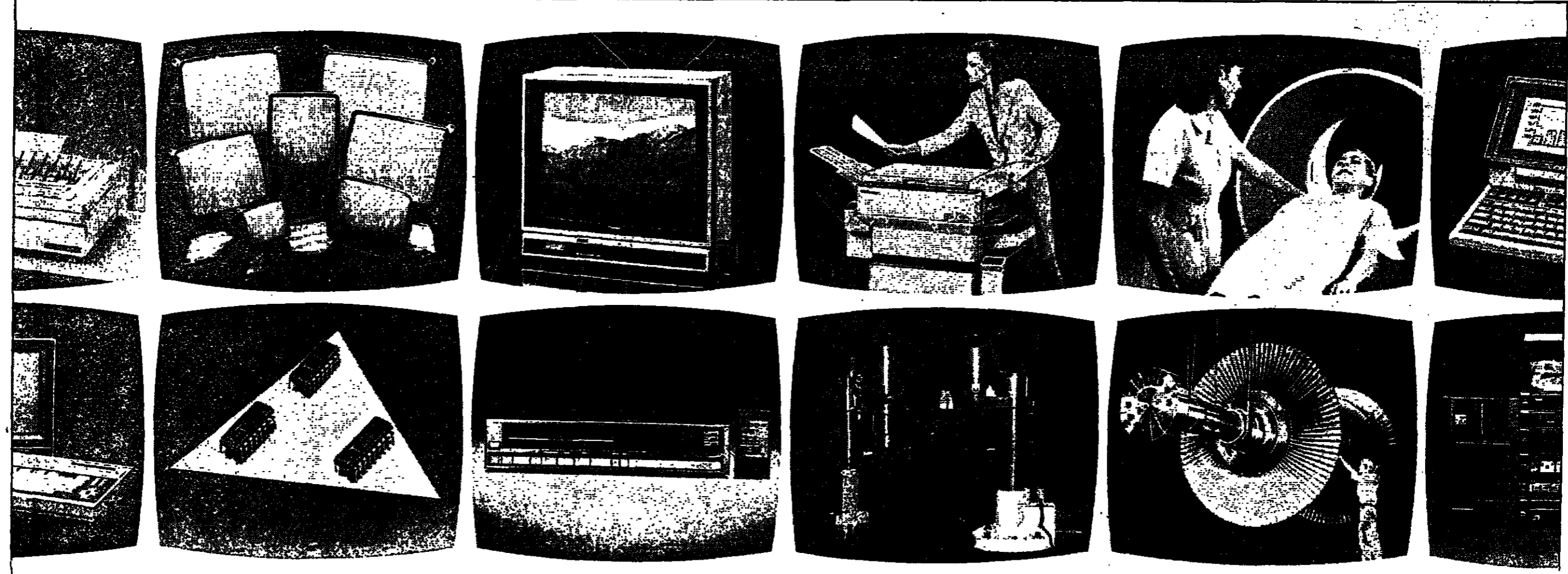
The children of Japan are the most bewitching little folk. Little Japan is not perched astride the hip like a youthful Hindu or Malay, nor slung in a square of cloth like the shapeless bundles of Chinese babies. Little Japan clings by instinct to the mother's back and is further held by a long strip of cloth which passes under the baby's arms, across the elder's breast, and around again under the tiny knees. Made fast in this way, with hands and feet free, Little Japan rides aloft triumphant, seeing the world and having a share in all that the elders do.



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Painter, philosopher and politician: The Prime Minister working in oils, left; meditating in a Buddhist temple; and on the stump, 1983 elections

Paving our way to the 21st century

I am delighted to have this opportunity of writing for *The Times* on the occasion of its bicentenary. As your distinguished newspaper is looking back over its 200-year past and renewing its resolve for an active future, so Japan is now reflecting on 40 years of the postwar era and looking ahead to the year 2000.

Having recovered from the devastation of the Second World War, Japan has become one of the major industrial countries in the world, assisted on the whole by the favourable international climate of the postwar decades. However, a number of underlying conditions which hitherto sustained both domestic and international systems have changed.

Japan is at an important crossroads in its history where we Japanese are to conduct an overall review and reorientation of our existing systems in order to pave our way into the twenty-first century.

One of the first things I did as Prime Minister two and a half years ago was to address the people on Japan's need to move towards becoming "an international state" - a nation that bears international responsibilities in keeping with its international position.

I stressed the need to open our trade and capital markets, the need to speak out with a greater voice for international peace and for conventional and nuclear arms control, and the need to strengthen our economic co-operation with the developing countries.

In essence, I advocated that we

should shift from a passive posture of merely responding to events to an active posture of influencing events positively.

It goes without saying that among the most urgent tasks the human race faces today are the maintenance of peace and the promotion of disarmament. Above all, we must prevent nuclear war. One of my top political objectives as Prime Minister of Japan has been to contribute to assuring a lasting world peace and to appeal for disarmament.

Japan is and will continue to be committed to peace. We have never wavered even for a moment from this basic position, enshrined in our constitution. All Japanese are firmly resolved never to repeat the horrors of war. They are fully aware that without peace there is no hope for Japan's continued existence or for the future of our people.

Japan is determined to contribute towards stable East-West relations based on mutual trust. It is important, in this context, that the free and democratic nations like the United Kingdom and Japan maintain solidarity while promoting dialogue with the Soviet Union.

In view of the causes of the Second World War, the problems of the world economy take on equal urgency and may be of paramount importance to future peace.

Japan places special emphasis on the maintenance and strengthening of the free trade system and for that purpose aims at "a Japan open to the world". It recently announced a new initiative for

its external economic measures, setting out future policy directions, and I made a personal appeal to the people to work together towards that end.

Together with the United Kingdom and other industrialized nations, Japan is also engaged in serious efforts to launch a new round of multilateral trade negotiations as early as possible so that we may maintain and strengthen the free trade system and prepare a viable framework in which emerging economic conditions can function smoothly in the coming century.

This is of great significance. We must make constant efforts to counter the trend towards protectionism.

The proposed new round is just like pushing a car uphill. If we were to stand idle even for a moment, the car would run downhill and free trade might revert to protectionism.

At the Bonn summit in May this year, the participating countries reached agreement to begin a new GATT round as soon as possible; most thought this should be in 1986. Japan will further continue to make every effort to that end.

"There can be no prosperity for the North without prosperity for the South." I have repeated this theme on numerous occasions. We must never forget that all the nations live on one planet, that we need each other, and that we share a common destiny.

Japan also seeks to enhance further its economic and technical co-operation for promoting the stability and development of the developing coun-

tries and the government has announced that it will work out a new medium-term target for the period after 1986 to continue expanding its official development assistance.

Developing science and technology is one of our important pillars for the twenty-first century. Japan will promote international co-operation in science and technology for revitalizing the world economy and generating progress for all mankind. The International Exhibition on Science and Technology currently being held in Tsukuba is an attempt to seek ways to promote science and technology to serve all people.

In the broad context of the international community, we are drawing closer together. Europe is no longer the Europe of the past; Asia is no longer the Asia of the past. Both are searching for new identities.

I believe we are entering a new era in world history - an era in which the United Kingdom, Japan and indeed all countries of the world, will need to work together for world peace and for the creation of a new civilization.

The twenty-first century is just around the corner. We have already begun to take the road, hand in hand, to meet the challenge of the future. No matter how hard the journey may appear at times, it will become productive and enjoyable, if we work together in harmony.

Yasuhiro Nakasone
Prime Minister of Japan

Sunshine and Moonlight put oil in the shade

While the rest of the world talks about the oil crises of the 1970s, the Japanese prefer to call them "oil shocks".

The difference in usage is significant. In 1973, when the first crisis broke, Japan was dependent on imported oil for 75 per cent of its energy. Of the advanced industrial nations, Miti programmes, the "Sunshine" and "Moonlight" projects. About £127 million was set aside last year for "Sunshine", developing coal, solar and geothermal energy. About £31 million is being spent on energy conservation, which includes existing energy sources such as natural gas in the Moonlight project.

The largest chunk of the Sunshine project's budget - 56 per cent - is earmarked for development of coal gasification and liquefaction technology.

First, oil supplies were to be secured and sources of supply diversified; second, energy conservation was to be promoted. Third, and most important, was to be "the systematic development and introduction of alternative energy."

Miti's strategy appears to be working. By 1983, though still importing 83 per cent of its energy, Japan had cut dependence on oil to 60 per cent. And Miti expects the trend to continue, with alternative sources supplying more than half of energy requirements by 1995.

This alternative energy will come from various sources, both nuclear and non-nuclear. Of the two, the Japanese reckon that in the short term nuclear is the better bet.

One reason for this optimism is that, true to form, the Japanese have taken Western nuclear technology and improved it. The result is plants with the highest operating rates (over 70 per cent on average) and the best safety records in the world.

Japan currently runs 26 nuclear plants and intends to double that number over the next decade. By 1995, these plants will provide 14 per cent of the country's energy.

At present, Japan relies on the West to enrich, reprocess and store its nuclear fuel. With the goal of self-sufficiency in mind, however, the Japanese plant to build an integrated facility at Aomori in northern Japan to take care of these functions. Commercial reprocessing will begin there in 1995.

The Japanese are also developing newer forms of nuclear plants - advanced thermal, fast

breeder and fusion reactors. Having had no military applications to drive it, their nuclear technology lags behind that of the West. But it is catching up, especially as Western enthusiasm for nuclear power wanes.

Non-nuclear research is spear-headed by two large-scale Miti programmes, the "Sunshine" and "Moonlight" projects. About £127 million was set aside last year for "Sunshine", developing coal, solar and geothermal energy. About £31 million is being spent on energy conservation, which includes existing energy sources such as natural gas in the Moonlight project.

The advantage of gasification, extracting gas by crack-

ing coal open at high temperatures, and liquefaction, turning coal into oil-like slurry by pulverizing and mixing it with water, is that they make smoky, lumpy coal into a cleaner, more flexible fuel.

Some of the hydrogen produced by gasification will find its way into fuel cells, an important new producer of energy and the main theme of the Moonlight project.

The beauty of fuel cells is that they run clean, that is, they transform chemical energy into electricity directly, without burning the fuel. This makes them a prime candidate to replace existing oil-fired plants located near cities.

There is one exciting new energy technology in which Japan leads the world - amorphous silicon solar cells. The difference between these cells and conventional, crystalline silicon solar cells is that they can be produced much more cheaply, because they are made like semiconductors, by depositing a very thin film of amorphous silicon on a piece of glass or metal. The circuits

required to hook them up are made the same way, eliminating the need for bulky, expensive wiring.

Since 1980, amorphous silicon cells have been applied commercially to power products such as calculators and watches, enabling the manufacturers to acquire valuable mass-production experience. Now, backed by money from the Sunshine project, the drive to increase both the cells' size and their energy conversion efficiency, from the current 11 per cent to a possible maximum of 24 per cent.

Solar energy is particularly attractive to the Japanese because it does not depend on imports. The Sunshine project is also looking at other types of solar cells and developing the support technology to make them easy to use, like DC to AC converters and storage cells.

One potentially important application, the rooftop solar heating system, is already on the market. But systems are still expensive, so Miti has been helping through low-interest loans to promote their spread. The result is that now some four million Japanese homes own solar systems.

The Sunshine project's third main research theme is geothermal energy. The idea here is to make more efficient use of the earth's heat by drilling deep holes and by the binary cycle technique, which uses the hot water available at existing geothermal plants as well as the steam.

The Sunshine project also covers basic research into other sources of alternative energy, such as wind, wave and ocean thermal energy conversion. But the Japanese see these as having only very limited roles to play.

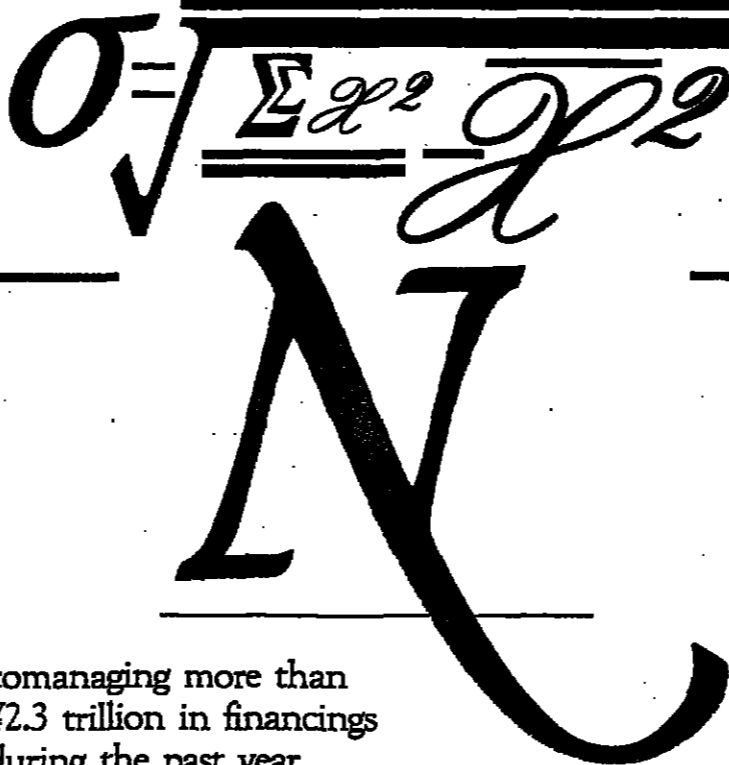
The biggest factor in the reduction of energy consumption has been a dramatic shift away from energy-intensive industries such as steel and cement to knowledge-intensive ones such as microelectronics.

In the West, recent drops in oil prices have led to cuts in research into alternative energy sources. In Japan, on the other hand, energy research spending continues to increase. The Japanese are determined that, come the next oil crisis, they will not be the ones who get the shock.

Bob Johnstone

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Diplomacy overshadowed by economic imbalance

A new creativity and independence have been evident in Japan's foreign policy in recent years, but the old problem of huge trade surpluses continues to bedevil relations with the West and is overshadowing Japanese initiatives elsewhere in the world.

The switch to more active diplomacy dates from a visit to South-East Asia in 1977 by the then Prime Minister, Takeo Fukuda, during which he declared that Japan would not be a "sceptical bystander" to events in that region. Sensing that there was a psychological vacuum after the withdrawal of the Americans from Vietnam in 1975, Mr Fukuda stipulated that Japan would not become a major military power; that it would co-operate with members of the Association of South-East Asian Nations (Asean); and that it would endeavour to promote peaceful coexistence between Asean and Indochina.

In the aftermath of the Soviet invasion of Afghanistan in 1979 Masayoshi Ohira's government joined with other democracies in applying economic sanctions against the Russians. Japan substantially increased its aid to Pakistan and boycotted the Moscow Olympics. This policy of solidarity with the West has been vigorously continued by Yasuhiro Nakasone, the most articulate Japanese Prime Minister since the war. At the Williamsburg summit in 1983 he and the leaders of six Western democracies agreed that the security of their countries was indivisible and had to be approached on a global basis.

At the same time Shintaro Abe, the foreign minister, has been pursuing what he calls "creative diplomacy". This is based on the recognition that as a global economic power accounting for 10 per cent of the world's gross national product Japan has responsibility to promote peace and prosperity not just in regions with which it is familiar, such as South-East Asia, but also beyond.

In the Middle East the government has been in touch with both Iraq and Iran in an attempt to reduce the level of fighting between them and achieve a ceasefire. So far it has been unsuccessful but remains ready to listen to either side if it

expresses a wish to end the war. Japan relies on the Gulf for about two thirds of its oil imports and considers both belligerents as important export markets.

Last November Mr Abe visited the drought-stricken areas of Ethiopia during a three-nation African tour. He promised an extra \$50 million worth of aid to Africa by March this year, on top of the \$100 million already committed for 1984. In fiscal 1985 Japan will extend about \$240 million worth of aid and about \$100 million in yen credits to African countries. Though it is still a long way from reaching the United Nations aid target of 0.7 per cent of gross national product, the share it allocated to Africa has increased more than tenfold over the past decade. It is also working through the UN to coordinate the African aid programme of donor countries.

These initiatives in the Middle East and Africa have been generally welcomed by the

The initiatives in the Middle East and Africa have been welcomed but the row over surpluses is worsening

outside world, but they have been eclipsed by the growing row over Japanese trade surpluses with the West. An "action programme" covering tariffs, import restrictions, standards, certification and import procedures, financial and capital markets, and services is due to be announced by the Japanese at the end of next month, in an attempt to make the domestic market more accessible to foreigners.

In an interview with *The Times* Mr Abe said that the basic thrust of the programme will be "deregulation as a general rule and restrictions only as exceptions". He added: "We are doing everything we can to get the government out of the market place and leave the choice and responsibility to the consumer. While this reorientation will not be easy, since it implies a fundamental reassessment of the government's traditional role, we are determined to tackle these difficulties."

Even if the new measures are acceptable to the West, they will

not eliminate the imbalances overnight. Aware of the importance of a free-trading system to its economic survival, Japan is pushing for a new round of multilateral trade talks under GATT. It wants also to tackle the imbalance with the US at a macroeconomic level, on the grounds that President Reagan's economic policies have pushed up the value of the dollar, thus making Japanese goods cheaper for Americans.

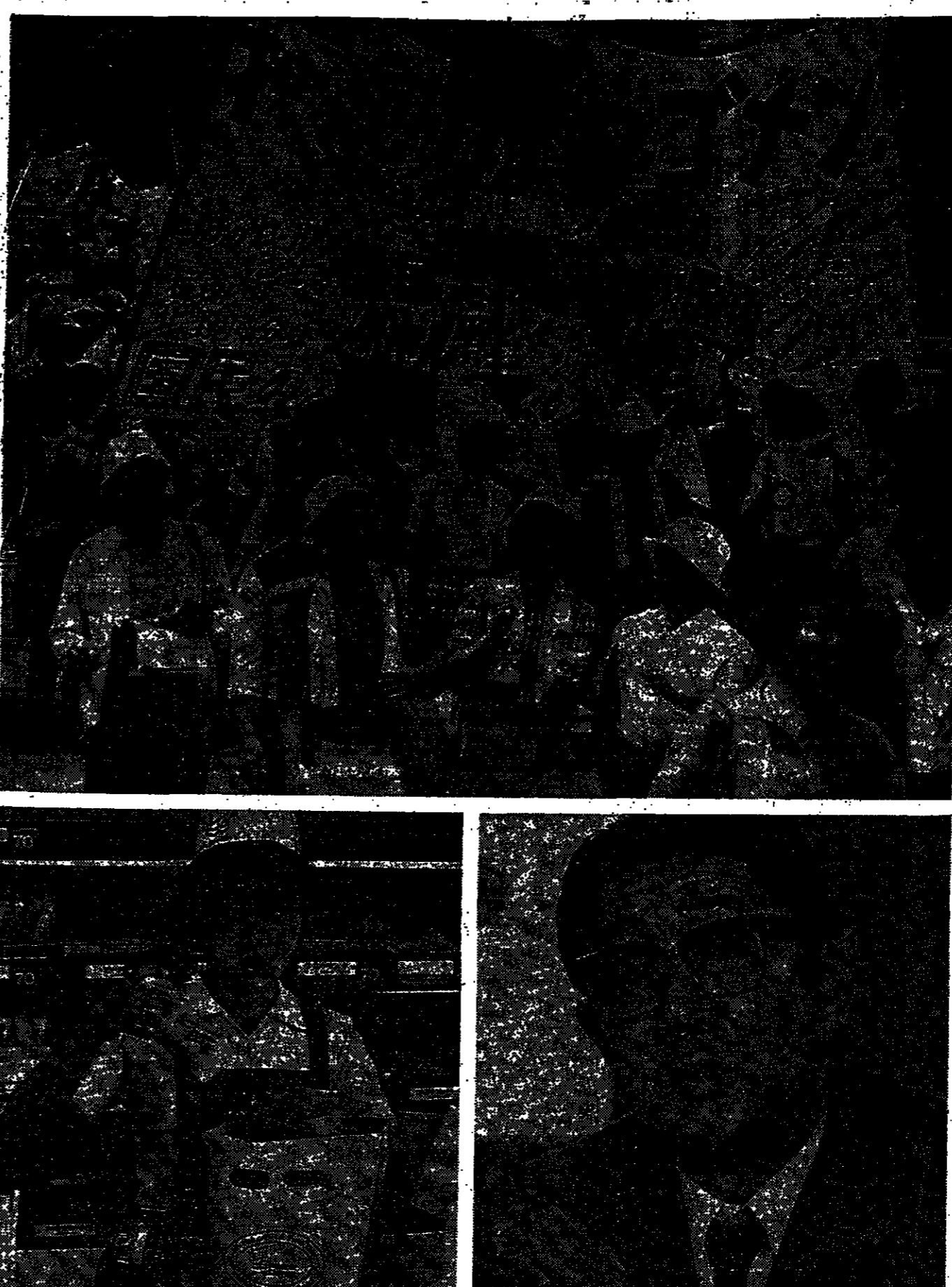
Japan has a fundamental interest in reinforcing the economic system which has prevailed in the capitalist world over the past 40 years, having perhaps been the main beneficiary of it. The question is, first, whether it is prepared to take the risk and pay the cost of doing so, and second, how it should go about it.

Mr Nakasone's forceful style is appreciated by the public but there is still tendency in Japan to associate active diplomacy with the militarism of the 1930s. Within the ruling Liberal Democratic Party, where he heads a relatively small faction, the Prime Minister has been heavily criticised for acting before a consensus has been reached. When he steps down as leader, probably next year, the country will lose a decisive and persuasive advocate on the world stage.

The possibility of assuming an international political role commensurate with their economic strength is leading the Japanese to think about the extent to which their own society is open to foreigners. There is a feeling that the homogeneity in race, language, religion and culture which has served them well in the past could prove increasingly to be a handicap in the future.

A senior government official thought that acceptance of a heterogeneous element in Japanese society, such as the Koreans who have lived there since the war or the refugees from Vietnam, could be a challenge comparable to the Meiji Revolution in the mid-19th century or the surrender to the US in 1945. Do the Japanese have the will to meet it, one may ask, and will the rest of the world allow them time to do so?

Simon Scott Plummer



Imports can be unpopular in Japan. A demonstration in Tokyo, top, against being pressured into buying foreign goods. Above, doughnuts from an American franchise restaurant, and right, Shintaro Abe, foreign minister

Trade bedevil the

A tour d'horizon from Tokyo: a survey of Japanese relations with different parts of the world.



UNITED STATES

Japan's huge and rising trade surplus (\$18 billion in 1981, \$36.7 billion in 1984, possibly more than \$50 billion this year) is the dominant issue. At the Americans' request the Japanese are examining four sectors - telecommunications, electronics, medical equipment and medicine, and forestry products - with the intention of removing barriers to US exports.

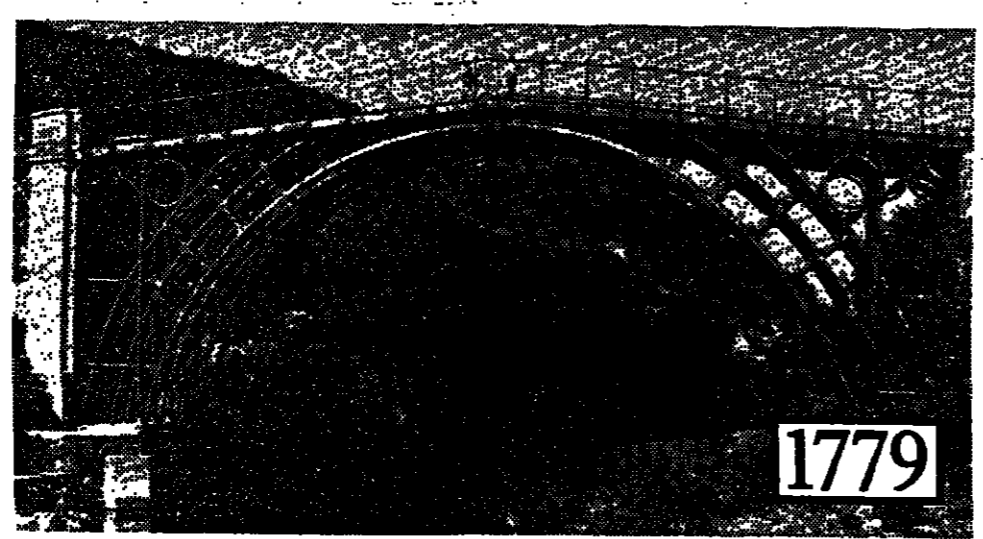
However, it is not certain whether this will reverse the trend towards larger surpluses and Tokyo thinks the problem must also be approached on a more fundamental, macroeconomic level.

Meanwhile, it feels that increased investment by both sides will help to integrate their interests.

Despite the threats of protectionism from across the Pacific the government remains basically optimistic about bilateral relations, which have been described by Mike Mansfield, the US ambassador in Tokyo, as the most important in the world.

Common political and security interests provide a firm foundation to the relationship and consultation between the two sides, exemplified by the friendship between President Reagan and Mr Nakasone, is close.

On defence, Washington has dropped its strident demands for Japan to achieve specific targets by specific dates and instead is expressing satisfaction that the defence budget is rising substantially every year despite financial restraints. Proposed expenditure for



1779

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FOCUS

and territory relations with superpowers

1985 is \$12.55 billion, or 0.997 per cent of gross national product, and the Japanese have accepted the American proposition that they should be able eventually to protect the maritime traffic within several hundred nautical miles around Japan and in the sea lanes to a distance of 1,000 nautical miles.

Two-way trade was worth \$12,700m in 1984, with the Japanese providing about a quarter of Chinese imports. China has expressed concern about the imbalance (\$1,260 million in Japan's favour in 1984) but Tokyo thinks this is to be expected at a time when the Chinese need Japanese goods to carry out their modernization programme.

Japan exports mainly machinery and plant, and oil and coal account for between 40 and 50 per cent of its imports. Because of sluggish demand for these fuels it would like to increase purchases of cotton, non-ferrous metals and farm produce.

The Chinese complain that Japanese business is reluctant to invest in their country. One problem in this matter is a difference in approach. China preferring first to reach agreement on principles and then work out the details, the Japanese preferring to carry out a detailed feasibility study before signing a contract.

By the end of March this year there were 52 cases of Japanese direct investment in China. More than 2,000 Chinese are studying in Japan but Chinese still not taught in Japanese schools, which is surprising considering the proximity of China and the extent of its influence on Japanese culture.



SOVIET UNION

Relations continue to be soured by the Northern Territories issue: the four Kurile islands off Hokkaido - Habomai, Shikotan, Kunashiri and Etorofu - which the Russians occupied after the Second World War and the Japanese want returned to them.

Moscow refuses to recognize this as an issue between the two countries, whereas for the Japanese it has to be solved before a peace treaty can be signed.

The value of two-way trade fell from \$5.6 billion in 1982 to \$3.9 billion last year. The lure of Siberia as a source of raw materials has faded for Japan, first because it has applied energy conservation measures since the oil crises of 1973 and 1979, and secondly because its economy is shifting rapidly from heavy industry to high technology based on the micro-chip.

In 1984 the Japanese decided it was time to resume working-level relations with Moscow, broken off after the invasion of Afghanistan. Mr Abe and Mr Gromyko met at Andropov's funeral in February that year and agreed on the desirability of dialogue, although no date has yet been fixed for a visit to Tokyo by the Soviet foreign minister.

Mr Nakasone met Mr Gorbachev at Chernobyl's funeral in March this year, and Mr A. K. Antonov, deputy chairman of the Soviet Council of Ministers, came to Tokyo last month.

However, the prospects for a fundamental improvement in relations are not bright. "We get the impression from all of these contacts that Soviet policy toward Japan remains basically unchanged", Mr Abe told The Times.



SOUTH-EAST ASIA

Japan attaches great importance to Asean, without which it feels the region could be teeming with regional conflict. One of the most important channels of communication is the annual meeting between Asean foreign ministers and their counterparts in Japan, the United States, Canada, Australia, New Zealand and the EEC.

Japan supports Asean on the Cambodian question and has given humanitarian aid through international organizations to the coalition government headed by Prince Sihanouk.

A Japanese proposal to extend gradually assistance to Cambodia and Vietnam as the Vietnamese forces withdraw from Cambodia has been rejected by Hanoi. Mr Abe and Nguyen Co Thach, the Vietnamese foreign minister, met in Tokyo last October.

Japanese exports to Asean were worth \$14.1 billion in 1984 and its imports from the six member nations, \$22 billion. Direct investment in Asean at the end of March last year was worth \$11.7 billion, \$7.6 billion of it in Indonesia. In addition about 30 per cent of Japan's development aid goes to Asean.

The South-East Asian countries have been asking for liberalization of the Japanese market for their industrial goods, an increase in Japanese investment in the region, and transfer of technology.

The government hopes its forthcoming action programme will achieve the first but argues that the other two are largely the responsibility of private business, although it thinks Japanese investment in Asean may be approaching a ceiling.



KOREAN PENINSULA

Mr Nakasone put relations with South Korea on a new footing by becoming, in 1983, the first Japanese Prime Minister to visit Seoul and by inviting Chun Doo-hwan, the Korean President, to Tokyo the following year. The Japanese hope the exchange of visits will have given South Korea greater confidence in its dealings with North Korea, though they remain sceptical about the outcome of the current talks.

At the same time Tokyo wants to promote non-official exchanges with Pyongyang, with which it has no diplomatic relations in order to prise it out of its isolation.

Two-way trade with the north is worth about \$400 million (compared with \$11.4 billion with the South) and Japanese companies are likely to remain reluctant to increase it until Pyongyang draws up a schedule for repaying \$280 million worth of debt.

They are also reacting cautiously to North Korean wishes for joint ventures, pointing out that, like the Chinese, the Koreans will need time to work out the details.

SSP



CHINA

Japan is committed to assisting the modernization of China under Deng Xiaoping, which it sees as contributing to its own security. Mr Nakasone went to Peking in March last year with 470 billion yen.



Under the flag: Japan's self-defence forces, left and top, celebrated their 30th anniversary with a naval and aerial display in Tokyo Bay last November. Ready for flight: Men of the elite First Airborne Brigade, right

Military muscle is back in favour

Among new equipment the Japanese Defence Agency may buy in the five years from 1986 is an airborne warning and control aircraft. It is also thinking of acquiring an airborne tanker to extend the plane's range.

These plans and the Government's deliberations on whether annual defence expenditure should exceed one per cent of gross national product present innumerable opportunities to critics of the country's defence policy.

However, 20 years ago there would have been an outpouring of protest from the left and university students at plans to acquire an airborne tanker, the implication being that such an aircraft would make available to defence aircraft the range to reach overseas targets.

Today, in the 40th anniversary year of the atomic bombing of Hiroshima and Nagasaki, there is scarcely a murmur outside the Diet and the Japan Socialist Party. Opinion polls show a public less concerned than at anytime since the war at Japan building up stronger defence capabilities.

In the 1960s and early 1970s nuclear and peace movements were vehemently opposed to anything that smacked of a stronger defence stance or a closer alliance with the United States. Today the campuses are almost silent on defence. Protests about the development of Tomahawk missiles on American vessels or the arrival at Japanese bases of American nuclear-powered aircraft carriers are usually confined to activist groups.

When the United States deployed 16 jet fighter bombers at Misawa in northern Japan earlier this year there was hardly any reaction except from local citizens' groups.

Opposition to nuclear weapons has always been the main focus of the peace movement in Japan. After the bombings of Hiroshima and Nagasaki, newspapers were able to report on conditions in the two cities or on people's reaction to the attacks because of censorship by the American occupation authorities.

However, with censorship gone the Lucky Dragon incident quickly focused opposition. The Lucky Dragon was a Japanese fishing boat doused with nuclear fallout from the American Bikini Atoll nuclear test. Thirty-two million signatures were collected on petitions by the anti-nuclear movement Gensuikyo, Japan Council Against Atom and Hydrogen Bombs, which is affiliated to the Japan Communist Party.

The rival Gensuikin, Japan Congress Against Atom and Hydrogen Bombs, is linked to the Japan Socialist Party and Sohyo, the General Council of Trades Unions, now 2 1/2 million strong. It is this split in the nuclear and peace movements which has robbed them of much of their effectiveness over the years.

The divergent paths the movement took started with debate on the partial test ban continued on following page

Advertisement for Yamaichi investment houses. Text includes: 'It's not an old school or dub tie, but it's guaranteed to help you in the City', 'We may be a new face to you, but our pedigree is immaculate. As the London branch of Yamaichi, the oldest of the Japanese "Big Four" investment houses, our history goes back to the last century.', 'We bring you these services using a satellite communications network which is one of the fastest and most comprehensive around.', 'Yamaichi International (Europe) Ltd. 74/78 Emsbury Pavement, London EC2A 1JD, Tel: 01-628-2271'

Trade bedevil... UNITED STATES... The best... ers don't... ols...

From previous page

treaty which was subsequently signed by the United States, Britain and the Soviet Union. Some supported it, some opposed it as a fig-leaf.

Gensuikin's genesis came in 1963, as a supporter of the treaty, with the backing of the Soviet Peace Committee. As the Chinese Communist Party moved further to the left Gensuikin's attitude moved with it in rejection of the treaty.

These international connections have been responsible as much as anything else for the rift which now makes Gensuikin and Gensuikyo appear irreconcilable. Their differences are so fundamental that they cannot even co-operate to mark the Hiroshima anniversary. These

differences, however, have been in the activist, specialized movements critical of Japan's defence policies.

The broad mass of the public has been gradually showing more support for a build-up of military strength as Japan has grown more prosperous. A range of factors have contributed to the reported 80 per cent public support for the armed forces.

In the light of its experience with the war-time regime, the public was initially wary of the self-defence forces. For years the status of men serving in them was extremely low. Even today it is a career that carries little cachet compared to one in the big corporations, but it is held in higher esteem than before because of a number of

factors, mostly relating to Japan's relations with its Pacific neighbours.

The Japan-US security treaty was suspect for most of the 1960s because of the hostile relationship between China and the United States; at that time links between Peking and Tokyo were confined largely to the private business level.

Among the students and the left there was the fear that the United States might draw Japan into a war against China or another war in Asia. However, the establishment of diplomatic relations between China and both the United States and Japan have all but eliminated that concern.

Perhaps equally important

were the three non-nuclear principles adopted by Japan. These provide not only that the country will not have, will not manufacture and will not introduce nuclear weapons into the country but contain an overall reassurance to the public about Japan's intended military course. Whether or not nuclear weapons are being introduced into Japan by the regular visits of American warships is a moot point about which the public is clearly unsure, as reflected in opinion polls, but it appears willing to give the authorities the benefit of the doubt.

The three non-nuclear principles and the commitment of the then Prime Minister, Mr. Eisaku Sato, that Japan would adhere to them, has calmed the public's concern about nuclear

weapons to this day.

In recent years two events have eclipsed in impact anything which the Americans could have said to convince the Japanese to take up more of the burden of their own defence. The first was the Soviet invasion of Afghanistan in 1979 and the second, much more dramatic and closer to home, was the shooting down of Korean Airlines flight 007 in 1983.

For days after the tragedy Japanese television programmes devoted hours to discussions of the last minutes of the ill-fated Boeing 747. It was a defence reality that came right into the living rooms of the Japanese.

David Watts

THE SELF-DEFENCE FORCES

- Total armed forces: 245,000
- Defence budget 1985-86: \$12.55 billion (about £3.44 billion)
- Army: 155,000 men in five regional commands, one armoured division, 12 infantry divisions, two composite brigades. Army aviation: one helicopter brigade of 24 squadrons.
- Navy: 44,000, including air arm. 14 submarines, 32 destroyers and 18 frigates. Naval air arm: 12,000 men, 81 combat aircraft and 63 combat helicopters.
- Air force: 46,000 men, 270 combat aircraft, air-defence units with 100 Nike-J missiles.

City of science that lacks a human face



Monorail at Expo '85 on the site of a future industrial estate

The decision to build Tsukuba Academic New Town was taken in 1963, first to relieve congestion in Tokyo and, second, to provide new buildings and equipment for government research institutes.

Tsukuba now has 46 institutes, employing 11,000 researchers, specialists and their support staff, and two universities, which constitute one of the largest and best-equipped concentrations of research activity in the world.

At Tsukuba the emphasis is on applied research into robots, semi-conductors, biotechnology and new materials. Government spending on the new town, which is about 37 miles north-east of Tokyo, to date has been about £5.6 billion.

The institutes and universities are in the central part of the town and it is hoped that their proximity will facilitate exchanges between them and thus promote research. Seminars are held by about 60 groups of researchers from different fields but there is not yet any effective co-operation between the government institutes and private companies.

This is partly because the Public Service Law forbids civil servants to carry out research with the private sector, and also because the presence of industry at Tsukuba has so far been marginal.

The government hopes that Expo '85, the international technology exhibition at Tsukuba between March and September will bring the new town to the notice of the outside world and induce more private companies to set up research facilities and pollution-free factories there.

So far, 27 companies have bought land in one of the three industrial estates surrounding the town centre. All the spaces on the Expo '85 site have been allotted and bids are now being invited for a third estate, in the north.

Eight Japanese companies in various fields have formed the Tsukuba Research Consortium, which has a central office to co-ordinate meetings between the members and to invite lecturers to address them. Intel Japan, a joint venture between American and Japanese interests, and Texas Instruments have indicated that they will invest in Tsukuba.

The eventual population of the new town is expected to be 220,000; 100,000 in the central district and the rest in the surrounding area. Already, 110,000 live in the second, while only 35,000 have moved into the first. It is proving difficult to persuade people to move their families out of Tokyo.

There are various reasons for their reluctance. First, the researchers and their staff, being civil servants, could be moved elsewhere at any time. Second, there is no direct train service. Tsukuba station, the most convenient, is about five miles from Tsukuba. Third, there are no special schools and private universities. Fourth, there are inadequate commercial, medical and cultural facilities. Fifth, there is a lack of openings in private companies for civil servants when they retire.

Until these problems are overcome, the new town will remain an impressive centre of government research but a somewhat artificial community.

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FOCUS

JAPAN/7

Finance fears that lurk behind the great boom

As seen by worried observers of the British economy, the Japanese economy must appear a picture of health and a tribute to sound government management.

In the fiscal year 1984-5 the index for mining and manufacturing output rose by 9.9 per cent, with particularly marked increases in electronics and electrical machinery. Consumer spending shows signs of recovery, with key indicators such as department store and car sales rising strongly in the first quarter of 1985, while private capital investment in the same quarter rose by 13.4 per cent over the level of a year ago.

Since much of this investment is concentrated in the electronics industry, particularly in semi-conductors, which had a more than 80 per cent increase for the third successive quarter, there seems little doubt that Japan will not lose its competitive edge in this important area of manufacturing. Although the construction industry has suffered somewhat from the postponement of public works projects in order to reduce public spending, this has been offset by a recovery in housing, with housing starts increasing by 6.4 per cent in fiscal year 1984-85 to exceed 1.2 million homes in a year for the first time since 1980.

Wholesale prices rose a mere 0.2 per cent in this period, while consumer prices rose only by 2.2 per cent. This is a reflection of the fact that the prices of imported raw materials and fuels, upon which Japan depends so heavily, have been steady or falling since last year.

It is also not unconnected with the fact that, although labour productivity has risen quite markedly, particularly in key parts of the manufacturing sector, real wages in April of this year were only 1.8 per cent higher on average than in April 1984.

Finally, in most poignant contrast with Britain, unemployment dropped in April to 2.4 per cent, its lowest level for two years. However, official statistics underestimate the true extent of unemployment, and tend to ignore worrying features such as the replacement of full-time jobs for men with part-timers, mostly married women.

Lending was virtually matched by borrowing

concern to the Japanese foreign minister, Shintaro Abe, over the fact that Japanese exports to Russia were twice the value of Russian exports to Japan.

The household sector of the economy has had, on the average over the last two decades, net savings equal to about 20 per cent of its total income, or 14-15 per cent of the gross domestic product. It has consistently spent far less than this, and has thus been a net lender to the rest of the economy.

Until the early 1970s, its net lending was almost entirely matched by net borrowing by the corporate sector, largely for purposes of new capital investment, which in turn produced rapid economic growth.

Then came the changes in the supply prices of raw materials, and in particular the crisis over imported fuel oil. The rate of net capital investment slowed markedly from an earlier 13-14 per cent of gdp per year to around 6-7 per cent. What might be termed Keynesian unemployment on a large scale would undoubtedly have occurred had not the government intervened. (In fact,

unemployment has risen steadily since that time, but only from under one per cent of the workforce to its present 2½-3 per cent.)

Deceleration in the rate of investment and growth meant that government tax revenue fell behind its expenditure, which in any case has been forced upwards since the mid-1970s not merely for counter-cyclical reasons, but inter alia because of a growing defence budget and the need to strengthen the social security system, particularly pension provision for a rapidly ageing population.

Thus the government, with some reluctance, intervened by becoming a heavy net borrower from the household sector, chiefly by issuing an ever-increasing number of national bonds to finance its deficits. Taking both central and local government together, the fiscal deficit measured on the most comprehensive money flow basis was 6.9 per cent of gross national product in fiscal 1984-85, or double that of the United States. Outstanding long-term public debt was the equivalent of 48.4 per cent of gnp, compared with 33.9 per cent in the United States and 19.6 per cent in West Germany.

This quite sudden and very marked departure from 'fiscal neutrality' (until the mid-1970s the government by and large balanced small revenue with small expenditure) represents, with the huge surplus of exports over imports, the other prop under Japan's current prosperity. The gut feeling of disquiet about this departure from tradition causes is reinforced by a cooler appraisal of its results by analysts of the political-economic establishment.

Briefly, they conclude that huge budget deficits mean that debt service payments inexorably increase, imposing ever greater constraints on choices in public finance, while at the same time weakening democratic control over government financing as an ever smaller proportion of expenditure is financed directly out of taxes.

The US wants Japan to save less and buy more

Plans are afoot to reduce the issue of deficit-covering national bonds to zero by 1990. True, plans laid years ago to achieve this aim by the mid-1980s foundered spectacularly but there has been limited success in reducing some categories of government expenditure since 1982.

What of the future? If there is no automatic means of channeling household sector surpluses into corporate investment on the same scale, and if the government ceases to be a net borrower, then the rest of the world outside Japan must increasingly shoulder the burden of indebtedness. This process is under way and has resulted in a vast export surplus.

The high interest rates outside Japan, particularly in the United States, have persuaded the Japanese to convert this surplus into foreign assets, mainly portfolio investment in foreign securities. Japan's long and short-term assets together totalled \$341,208 million in 1984, in net terms, after subtracting external liabilities, they amounted to 6 per cent of nominal gnp, a doubling over the previous year and an unprecedentedly high figure.

As a result, Japan is now not only the single most important manufacturing supplier to the rest of the world for an important range of goods, as well as a not insignificant supplier of technology, direct investment and jobs; it is also set fair to replace Britain as *rentier* to the world. George Schultz, the American Secretary of State, does not like any of this and exhorts the Japanese to save less and buy more from abroad, particularly the United States. The rest of us had better learn to live with it.

Douglas Anthony
The author is Lecturer, Centre for Japanese Studies, University of Sheffield



Diverse economy: Clockwise from bottom left, lunch at a watch-making company; sewing machines in Nagoya; electronics in Tokyo; a calculator stall; fish auction in Tokyo



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FOCUS

JAPAN/8

High technology heads for the provinces

Tatsuo Abe is a correspondent for the National Broadcasting Corporation (NHK) in Oita City in Kyushu, Japan's southernmost main island. He is part of what the Japanese call the "U-turn phenomenon". Brought up and educated in Kyushu, he moved to Tokyo with NHK and was then posted overseas to Beirut and Paris. I asked him why he had given up the life of a foreign correspondent to return to his home town. He replied that in Oita he felt he could influence events and achieve something for his native prefecture (county).

In taking this step he was influenced by Morihiko Hiramatsu, the prefectural governor. Another son of Oita, Mr Hiramatsu went from Tokyo university to the Ministry of International Trade and Industry (MitI), where he worked in

Agriculture and industry prosper together

of Tokyo, Osaka, Nagoya and Kita-Kyushu. His strategy was based on an airport and light, hi-tech goods which could be transported by plane. The airport has been built across the bay from Oita City and companies such as Canon, Sony, NEC and Toshiba have set up plants in the Kunisaki

peninsula behind. Texas Instruments was already there when Mr Hiramatsu became governor but has since been joined by five other American companies. Both native and foreign newcomers have been attracted to Oita by the availability of high quality labour, the relatively low price of land, clean air and water, and good power supplies. Rather than being concentrated in one area - as happened with heavy industrial development in Japan in the 1960s - the factories are scattered around the peninsula. In this way, Mr Hiramatsu believes, labour shortages are avoided, the environment is protected, and traditional agriculture and modern industry learn to live and prosper together.

Hoks Electronics, a recently formed company making personal computers, is set among

Building "bullet" trains in Tokoyawa City near Nagoya. The extension of the super-express service to Niigata and Morfoka has brought northern Japan nearer to the capital.

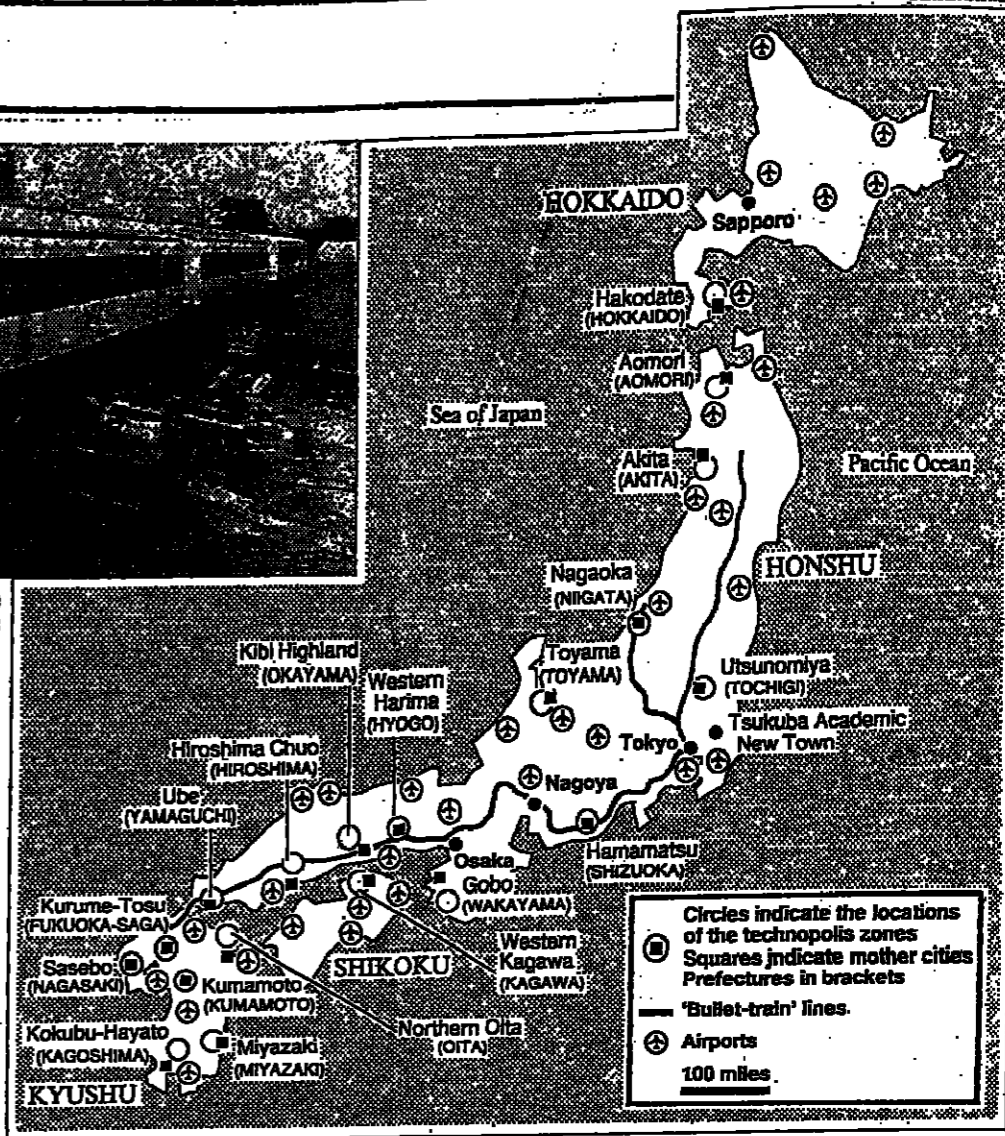
mikan orange groves at Hiji, about half an hour by road from Oita City. Married women with children at school work on the assembly lines and are praised by Michinori Kudoh, the company president, for their eagerness and sense of responsibility. They come mainly from farming families - mikan, mushrooms and rice are the local products - and their journey to work takes on average six minutes. In the

engineering department 75 per cent of the men have done a "U-turn" and come back to the prefecture. Hoks, set up in 1981 by a Tokyo software house and a local shipping company, expects sales of 6.5 billion yen (about £20 million) this year, two-thirds of them overseas. Its ambitions are reflected in the letters of its name, which stand for Hiji, Oita, Kyushu and seiki, the Japanese for "world". Mr Hiramatsu is happy to have this new investment near the airport but he does not want Oita to be simply an "integrated circuit colony". Using the slogan "one village - one product", he is trying to encourage all parts of the prefecture to develop their own forms of economic activity, whether growing mushrooms or kiwi fruit, raising cattle, or turning a disused gold mine into a tourist attraction.

Apart from the Kunisaki peninsula, he has established four other development centres in the prefecture; heavy industry in the first (around Oita City), fish farming and computer-aided fishing in the second, forestry and videotape production in the third, and agriculture and tourism in the fourth.

In Oita City the Governor has initiated a project for a computer software complex to provide employment for highly educated young people who cannot find jobs locally. In August Fujitsu is due to start building a centre in this "software park", where it will employ 400 software engineers. The population of Oita prefecture has risen by 20,000 in the last five years and is nearing its 1955 peak of 1,280,000. About 2,700 manufacturing jobs were created between 1980 and 1983, nearly 40 per cent of them in the Kunisaki peninsula. In the year ending last March the value of industrial shipments from the peninsula rose by nearly 120 per cent. Mr Hiramatsu is thus proving that, in the age of the microchip, remoteness from big urban centres need be no disadvantage.

The Kunisaki peninsula project was the prototype for a network of similar development centres all over Japan (see map). So far MitI has authorized 15 of these "technopolises". Three more will be added by the end of the year and the eventual total is expected to be 26 or 27. This is the largest regional industrialization programme in Japan since the 1960s. The technopolises are outside the great urban conglomerations, in order to relieve congestion there. They consist of hi-tech factories, academic institutions and housing, are near "mother cities" with populations of 200,000 or more, and are close to an airport or railway station which enables the inhabitants to



Based on transporting light, hi-tech goods by air, technopolises aim to revive the regions and relieve overcrowding in the great cities of Tokyo, Osaka and Nagoya

make a round trip to Tokyo, Osaka or Nagoya in a day. The basic structure of the technopolises is expected to be finished by 1990.

The technopolises in Oita and the neighbouring prefectures of Kumamoto and Miyazaki are the front runners in the scheme, their proximity to each other acting as a stimulus to development. An indication of the effect they have had on the local economy is that Kyushu now accounts for about 40 per cent of integrated circuit shipments in Japan and has been dubbed "Silicon Island".

Technopolis looks to lasers and biotech

Sea coasts. Nagasaki received MitI authorization because it already had a technological university and because of the completion in 1982 of a shinkansen (bullet train) link with Tokyo, which has reduced the journey time to 100 minutes. It also lies at the junction of two motorways. The Nagasaki technopolis was initiated by the town rather than the prefecture and is much more concentrated than the one in Oita: it consists of Nagasaki and an area to the west containing the university and the site for a new town. Takeo Nan-ao, executive director of the local development organization, is initially giving priority to precision machinery, since the machinery industry is already well established in the area, but will move into other fields such as lasers and biotechnology. Set up by the prefectural government and the mayor of Nagasaki, the development organization acts as co-ordinator between the university and private companies, runs seminars, provides financial guarantees and loans for hi-tech projects and trains people in handling precision machinery. Two industrial estates have been completed in the technopolis and two more are planned. It is hoped that by 1990 the value of industrial production will be nearly 620 billion yen (about £1.9 billion), compared to 227.3 billion yen in 1980. This should create 10,000 jobs. The new town, planned for

40,000, will absorb the newcomers and their families. But it is not easy to persuade people to live in Nagasaki. Heavy snow in winter and inadequate educational and cultural facilities mean that many live there during the week but leave their families in Tokyo.

It is expected that the technopolis will eventually expand along the Shimano River valley to include 15 towns and villages. The Technological University of Nagasaki is a national institution which is quite separate from the local bodies

University evaluates industrial projects

running the technopolis. But, using the development organization as intermediary, it carries out research for private companies, helps in evaluating industrial projects and accepts researchers from industry. Founded in 1976 and modelled on the Cranfield Institute of Technology, the university has 1,320 students, most of whom come to it from higher technical schools. Their four-year course is practically inclined and includes five months working in industry. The university has four engineering departments (mechanical, electrical, chemical and civil) and a department of planning and management science. SSSP

Advertisement for Mitsui O.S.K. Lines. Features a drawing of a container ship and the text: 'One needn't be a Hannibal to grasp the potential of our "Alligator" container service.' Includes contact information for the London branch and general agents.

RICOH COPIERS REIGN IN JAPAN AND NOW TELFORD

Advertisement for Ricoh copiers. Features a large image of a Ricoh FT5070 copier and text describing its features, such as 'Both sides: zoom sizing' and 'number of copies required from each - all on its own.' Includes a contact form for Ricoh UK Limited.

"WE THINK, THEREFORE WE ARE NEFAX."

Advertisement for Nefax machines. Features images of Nefax 17, 22, and 27 machines and text describing their capabilities: 'I transmit and receive unattended day and night', 'I transmit A3 documents and photographs', and 'I memorise and transmit to 100 different locations'. Includes a contact form for NEC.

Education in need of new school of thought

Japan's post-war economic success can be largely attributed to an education system which has instilled discipline and dramatically raised the intellectual level of an already energetic people.

But only 40 years after the establishment of this engine of Japan's success the country is almost unanimous in agreeing that basic reform is long overdue.

Not only is the Japanese system of education no longer capable of handling the present demands made on it by a rapidly changing society and environment but it will also clearly not be able to provide the kind of education for its people that Japan will need if it is to maintain or enhance its position in the world.

The present education system was devised to produce a people of uniformly high educational level adaptable to Japan's industrial environment, taking little or no account of individual differences in personality or ability. Students have to mould themselves to the highly conformist approach of the education system or resign themselves to being outcasts, a fate which most could not begin to contemplate, so great is the need of Japanese to "belong", be it in family, company or country.

Educational reform is the beginning of nothing less than the reform of the whole society in a vertical structure like

● Violence, both between pupils and between students and teachers, has reached epidemic proportions, leading the Metropolitan Police Department to set up a special hotline to deal with the problem.

● In its first 10 days of operation, the hotline received 239 calls from parents and children complaining of problems with school bullies.

● A National Police Agency report issued in April showed that 1,920 Japanese boys and girls were taken into protective custody last year in cases connected with school bullying.

● Among those children taken into custody there were 531 cases of assault and battery as well as other incidents involving violence and juvenile delinquency.

Japan, where everyone must pass identical examinations for both high school and university. Despite the potentially far-reaching and disruptive effects on an essentially conservative society, the Japanese have begun the attempt to reform their education system.

Evidence that reform is overdue is all around. A society which has prospered so on the improvement of others' ideas must now start to produce original thinkers. Firms are dissatisfied with the quality of

some areas of teaching, particularly English.

But more important are the danger signs that the education offered no longer suits the students themselves: increasing violence in schools; increasing suicide rates because of the break-neck competition to get into the "right" schools, universities and companies; and fewer people entering the universities as people opt out of such a rigid system.

As the *Asahi Shimbun* noted earlier this year, the schools do not recognize anyone or anything which is different from what they feel is the norm. But then a traditional Japanese saying suggests: "The nail that sticks out gets hammered down".

It is that traditional attitude that the reformers are up against. Almost everyone agrees that reform is necessary, but there are vastly different ways of interpreting what is required, what of the current system is to be discarded and what retained and how much to return to the pre-war elitist form of education.

Many feel that if Japan is to produce the original thinkers and creators who will be needed to lead it into the 21st century it must now go back to a system which gives free rein to the really talented to run ahead of the pack, unrestrained by the society's rigid system of seniority which permeates every aspect of life, often stifling originality.

The problem is that producing that kind of innovative leader in science and technology means a return, at least in part, to the pre-war elitist system of education. That means a return to the old ways in the view of many liberals and most of the teachers, who tend to be left-wing, and who firmly believe that the most important legacy of the American occupation was mass education.

Against them stands the mighty influence of the education ministry, which must approve all text books and which is one of the most conservative bureaucracies in the entire government, extremely jealous of its power and its role in the formulation of Japanese society.

The 40 years since the war have seen the development of a much more individualistic way

of thinking in Japan, nurtured by increasing wealth and the legacy of the occupation period. Japanese are still much more group-oriented than any western society but they have developed the notion of individual rights over the last few years to an extent unknown before the war.

Individual rights and the reality gap

Their notions of democracy and the role of the individual in society are changing, almost none of which is reflected in the sort of education by rote that they receive at school - the gap between the establishment and day-to-day reality is apparent to thinking Japanese.

The ad hoc Council on Education has been meeting since last autumn under the

chairmanship of Dr Michio Okamoto, the distinguished former president of Kyoto University.

After numerous meetings as a body the council broke up into four committees: the first deals with the guiding principles of education reform, the second with ways of rectifying the evils which emanate from too much emphasis on a prestigious educational background, the third is studying reform of elementary and secondary education; and the fourth is addressing reform of the university entrance examination system.

The degree of passion that the council's deliberations arouse can be gauged from the fact that when, in its secondary proceedings, the council suggested a more "individual-oriented" education system there was a gust of disapproval from the

education ministry and general controversy. Extensive debate then followed on just what was meant by individualization of education and whether or not it was an apt reflection of the views of the majority of the committee.

Less than a month later Dr Okamoto announced that the

Wanted: A catch-phrase for the new order

council would be seeking another catch-phrase to encompass its view and was now considering such phrases as "respect for the individual" or "attaching importance to individuality".

Whatever the outcome of the debate, Japan has embarked on momentous changes for both school and society.

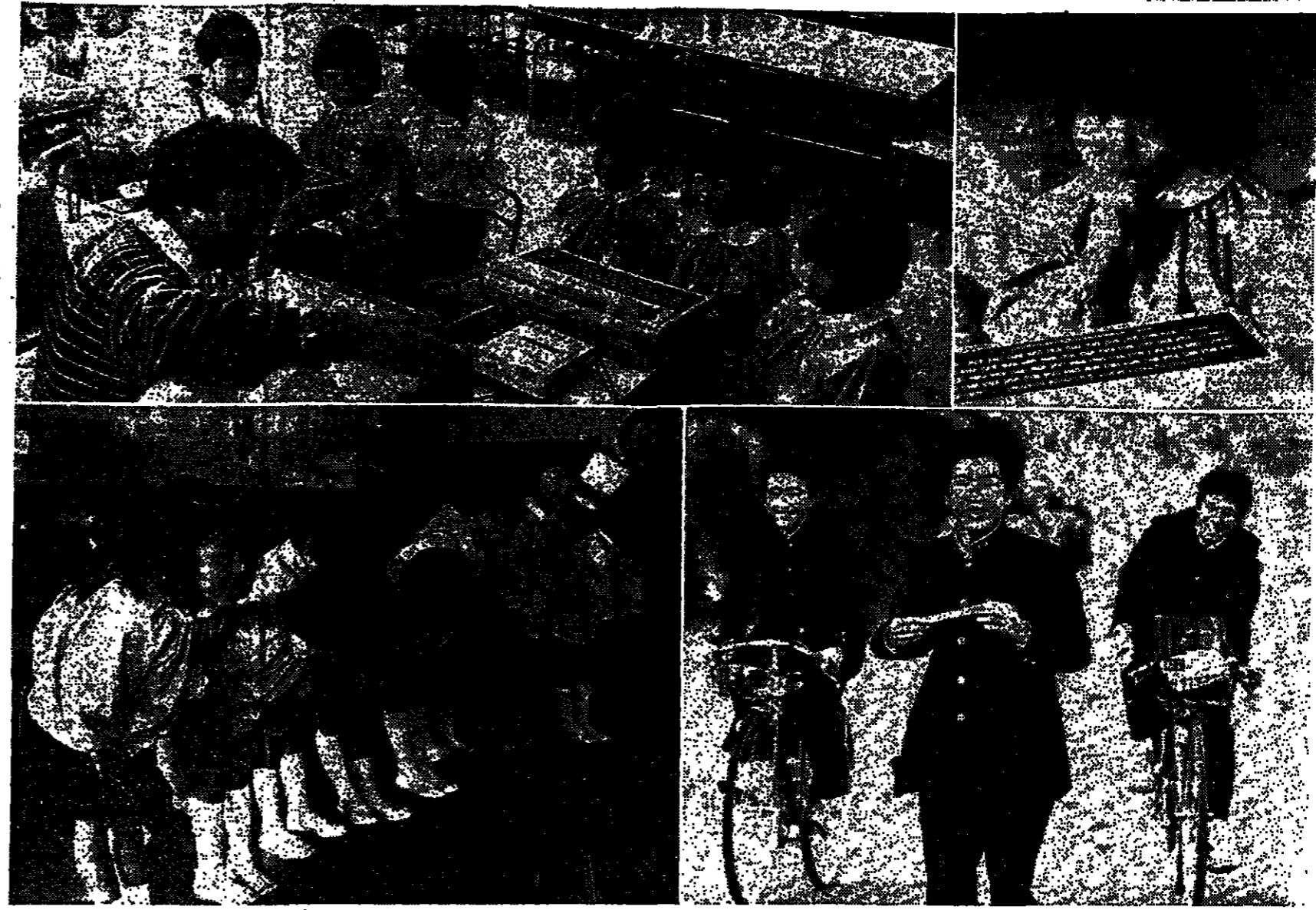
AUGUST 8, 1945 (HIROSHIMA)

On August 6, 1945 the Americans dropped an atom bomb on Hiroshima. The *Times* commented in a leader by Dermot Morrah on this epoch-making event.

An impenetrable cloud of dust and smoke, standing over the ruin of the great Japanese arsenal at Hiroshima, still veils the undoubtedly stupendous destruction wrought by the first impact in war of the atomic bomb. A mist no less impenetrable is likely for a long time to conceal the full significance in human affairs of the release of the vast and mysterious power hitherto locked within the infinitesimal units of which the material structure of the universe is built up. All that

can be said with certainty is that the world stands in the presence of a revolution in earthly affairs at least as big with potentialities of good and evil as when the forces of steam or electricity were harnessed for the first time to the purposes of industry and war.

... The atomic force... holds without doubt the potentiality of reducing the physical labour needed to sustain life to a small fraction of what is now required, of bestowing undreamed of riches upon all men, of abolishing servile or mechanical toil, and of creating universal leisure for the cultivation of the higher ends of the mind and spirit. All these things are attainable but are not offered as a free gift. The condition of their enjoyment, that the new power be consecrated to peace and not to war, is a choice set before the conscience of humanity; and in a terrible and most literal sense it is a choice of life and death.



Peace on the surface: Computer lessons at kindergarten, top left, leave one little girl still perplexed, top right, while young pupils give the customary Japanese greeting, above right, retain traditional black uniforms - all in contrast to increasing classroom violence

SEPTEMBER 10, 1923 (TOKYO EARTHQUAKE)

Just before noon on September 1, 1923, a great earthquake struck Tokyo and Yokohama. Ronald Carter, *The Times* correspondent, toured the devastated capital a few days later.

The ruins of the city are a waste of hot tiles, masonry and cinders, giving off clouds of gritty dust and the stench of burned bodies. The general horror is increased by the great heat, while mild earthquake shocks continue at intervals.

... One building in the course of construction collapsed at once, carrying the workmen with the scaffolding to instant death in clouds of dust. Their end was hideous enough, but less terrible

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JAPAN/10

FOCUS

Cultural success in black and white

British and Japanese share not only a taste for bacon and eggs but two of the world's highest readerships of newspapers.

The number of newspapers sold in Japan is second only to that in the Soviet Union, with a circulation of about 67 million among the 125 members of the Japan Newspaper Publishers' and Editors' Association.

In a country where more than 99 per cent of homes have colour television sets, newspapers have been less affected by the competition of instant news than in other countries, though total circulation fell two per cent in 1983.

There are a number of cultural and economic reasons for the success of newspapers, apart from the high literacy rate.

Japan is primarily a visual culture. The written Japanese language is complex and the newspaper reader must be able to understand, at least 1,500 Chinese characters, or *kanji*, to be able to read the morning newspaper.

Words of similar sound have many meanings. Only when the word is written can one be certain of understanding the meaning. Even in general conversation it is common to see someone describe a *kanji* on the palm of a hand with a finger-tip to make the meaning clear.

In court cases evidence must be produced in written form. In a country where form is so important a person's word may

Newspaper strikes are virtually unknown

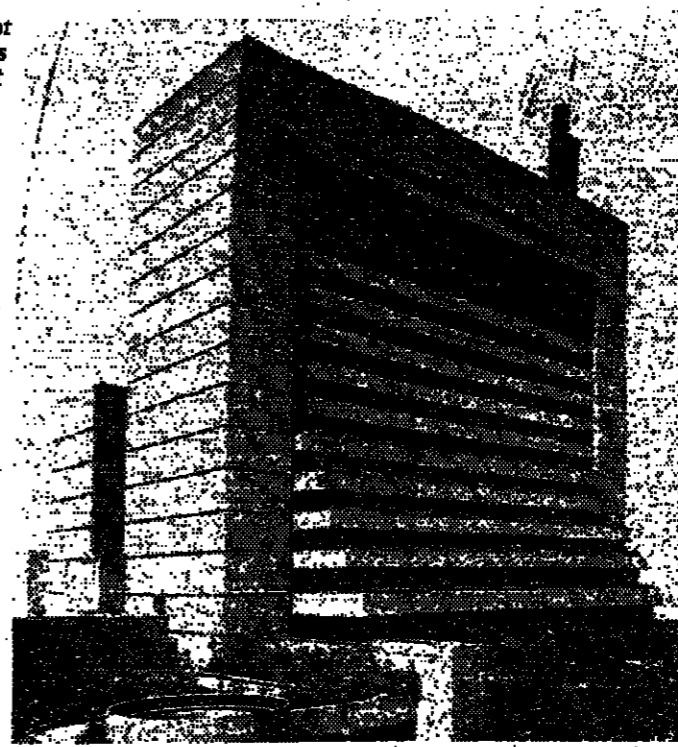
often be purely for effect. The authority of the written word is therefore doubly important.

Japanese newspapers combine that authority with some of the finest printing and publishing plants and circulation arrangements in the world. Once stories are fed into the *Asahi Shimbun* main computer nobody is involved until the delivery boy picks a copy out of his bag to put it through the customer's door.

Strikes are virtually unknown.

Japan's largest circulation newspaper is the *Yomiuri Shimbun*, founded 111 years ago. Its regular daily circulation is about 8.8 million for the morning edition and 13.6 million for the combined circulations of the morning and evening editions.

The *Yomiuri* published its first edition in Tokyo in 1874. It was a two-page tabloid containing official government notices



The *Asahi Shimbun* in Tsukiji, Tokyo: Combined morning and evening sales are about 12 million

and bulletins and commentary. Phonetic symbols were printed beside all Chinese characters and the articles were written in a simple, spoken style of Japanese, making it understandable to people of all educational levels.

The newspaper was hand-printed at first and sold between 200 and 300 copies a day. It was sold on the street by boys carrying the newspapers in small black boxes with bells on their shoulders, called "ringing" boxes. In the early days the paper was issued every other day but it soon went to daily publication and by the end of its first year circulation was 17,000.

The newspaper's most difficult period was in 1923-24. Six hours before a lavish party to celebrate the opening of its new headquarters the great Kanto earthquake struck and the building was destroyed by fire. It was 80 days before an eight-page paper could be produced. Circulation plunged and the paper had to be virtually rebuilt from scratch.

The second largest circulation is that of the *Asahi Shimbun* and, though both newspapers say they "speak for Japan", the *Asahi* is probably the better known abroad partly because it is, by Japanese standards, left of centre and more likely to be found criticizing the government.

Its average morning sale for July to December of last year was 7.4 million copies and combined sales of the morning and evening editions were 11.9 million.

The *Asahi Shimbun* was founded in Osaka in 1879 by Ryohsui I. Murayama, who was later joined by Riichi Ueno. Family successors have subsequently run the organization since 1945.

The newspaper's first issue concentrated on local topics and crime, in contrast to some of the quality papers of the day, which took up a particular line. The *Asahi Shimbun* later combined these two types of paper within its pages and developed a relatively liberal political line. Subsequently it has built something of a reputation as a campaigning newspaper, albeit often tied to policies of the central government.

Saturday editions of the paper today would make any British advertising man incredulous. Apart from the regular classified advertisement columns there are up to 40 broad-sheet, full colour inserts in any given local area with housing, department store and supermarket advertising.

The *Asahi Shimbun* head office in Tokyo publishes six morning editions and three evening editions seven days a week. It has regional offices which publish local editions in Hokkaido, Nagoya, Osaka and Kyushu, its domestic bureaux total 303 and there are 27 foreign bureaux with a total

journalistic staff of about 3,000. The *Asahi* "air force", as it is nicknamed, operates four helicopters and three twin-engine aircraft.

Both the *Asahi* and the *Yomiuri* publish sister newspapers in English, the *Daily Yomiuri* in the morning and the *Asahi Evening News*, the latter with a circulation of 50,000.

The *Nihon Keizai Shimbun*, Japan's leading economic journal, which was founded in 1876, has a circulation of 2.1 million for its morning edition and 1.2 million in the evening. The weekly English version is the *Japan Economic Journal*. The Japanese-language paper has two much smaller sister publications specialising in industry news. The *Nihon Keizai Shimbun* introduced what it claims to be the world's first automated editing and composition systems in 1972.

As with so many Japanese enterprises, both the *Yomiuri* and the *Asahi* newspapers have a wide range of associated activities which are closely connected. Some of them are purely to promote the newspaper. The most famous of these is Japan's highly popular baseball team, the *Yomiuri Giants*, which was founded in 1934 and today boasts the man who is arguably Japan's most famous player, Sadaharu Oh, as its manager. Both the *Asahi* and *Yomiuri* have television stations, and the *Yomiuri Nippon* symphony orchestra.

Delivery system ensures lifelong family loyalty

the only classical orchestra owned by a newspaper publisher in Japan, travels widely.

The distribution systems of major Japanese newspapers are remarkable for their comprehensiveness. Ninety-nine per cent of the *Yomiuri* circulation is by monthly subscription delivered daily to the subscribers' homes. A thousand lorries carry the morning and evening editions to 4,300 distributors in the Tokyo area. There are 8,800 distributors nationwide who employ 84,000 people.

Home deliveries are made on bicycle or motor-cycle. Many of the delivery boys are encouraged to stay with their newspaper employment and also to better themselves through the *Yomiuri* system of scholarships set up in 1964, ensuring lifelong family loyalty to the paper.

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Investment abroad, and the lessons British industry is learning

Japan's chief export is not consumer electronics, nor ships or cars, but capital. Most of it is in the form of portfolio investment in the US, where high interest rates have attracted the billions of surplus dollars earned by Japanese manufactured exports.

According to figures released in May by the finance ministry in Tokyo, Japan was second only to Britain as a creditor nation last year and is likely to emerge as leader in 1985. The country had \$74.3 billion (about £5.9 billion) more in overseas assets than in debts at the end of 1984, compared to \$37.3 billion a year earlier.

The Japanese are also stepping up their direct investment overseas, partly to get round restrictions on their exports. Between fiscal 1983 and 1984 (ending March 1985) the value of these investments rose nearly 25 per cent to \$10.155 billion, to give a cumulative total between 1951 and 1984 of \$71.431 billion (about £53.707 billion).

Britain's share of this total was \$2.766 billion, or 3.9 per cent, more than that of its nearest European rivals, West Germany and the Netherlands combined, but well behind those of the US, Indonesia, Panama and Brazil (see table).

In 1984 a record number of 16 Japanese manufacturers decided to make new investments or expand existing ones in Britain. If the second phase of the Nissan project is included, this means about 6,000 new jobs. By the end of last year there were already more than 10,000 people employed by 36 Japanese companies manufacturing in this country.

The influx began in 1972 with the opening of the YKK zip-fastener factory in Runcorn. Since then most of the well-known electrical companies - Sony, Matsushita, Hitachi, Mitsubishi, Aiwa, Toshiba, JVC, Sanyo and Sharp - have opened plants making colour TV sets, video recorders and audio equipment for the British and continental markets.

Among recent arrivals making products other than finished consumer electronic goods are NEC (semi-conductors), Shinetsu Handotai (silicon wafers) and Yamazaki (numerically controlled machine tools).

NEC, which began operations in Livingston near Edinburgh in 1982, expects to start making silicon wafers next year in a £70 million extension to its present plant.

Shinetsu, also in Livingston, is slicing, lapping and chemically etching single crystals



Anglo-British co-operation: Making colour television sets in Matsushita, Cardiff

Nissan to Europe, although it is not clear which country it favours. The company already has a 16.5 per cent stake in Lotus.

Joint ventures between Japanese and British firms have been a failure on the whole. Daiwa and Grampian, Toray and Hyfil, Hodogaya and Ringwood, Toshiba and Rank, and Hitachi and GEC have all parted company.

The Toshiba-Rank marriage, which lasted less than three years, foundered partly because of external circumstances: the rise in the value of the pound

zation of manufacturing and sales operations, the question of whether to finance through debt or equity, and the level of components imported from Japan. Hitachi has been making TV sets on its own near Aberdeen since March 1984. At the end of last year it caused a sensation by asking all workers over 35 to take voluntary severance.

One joint venture which is still alive is between JVC, Ferguson (a Thorn EMI subsidiary) and Telefunken. The company, called J2T, in which each has equal shares, manufactures video recorders with JVC's VHS technology in Newhaven and Berlin. Dennis Harvey, one of the joint managing directors, says the previous association of the three in a marketing agreement helped to make the partnership a success.

An underlying difficulty in joint ventures is that British companies want a quicker return on capital than the Japanese, who think long-term and tend to stress marketing and building good relationships with customers rather than just profits. In the case of J2T who succeed in jointly introducing new products, given that both JVC and Thomson Brandt, the majority holder in Telefunken, have their own technologies.

Does the experience of Japanese direct investors over the past 13 years have anything to teach British industry, and what more can they contribute to this country?

In answering the first, the professional approach to management must head the list. The effort that the Japanese make to communicate with their staff, their insistence on quality, their thorough planning and their commitment to meeting targets are all lessons British companies could well learn, and the best already have.

As for the future, one would hope for more investment to create more jobs but also for an upgrading of that investment and a more international attitude on the part of the parent company.

To achieve the first means moving from "mature" goods such as TV sets and video recorders into, for example, office and factory automation equipment. The Yamazaki investment and Shinetsu Handotai's plans for expansion are good pointers in this direction.

The second involves appointing more Britons to senior positions, as has already happened, for instance, at Mitsubishi, where Sir Peter Parker, the former head of British Rail, is an active chairman, and at Toshiba, where Des Thomson is managing director. It also entails undertaking research and development in this country.

At the moment this appears to be jealously guarded in Japan but Sir Peter for one seems confident that the situation will change.

Bargain struck with UK unions

Single union, no-strike agreements are a notable feature of Japanese companies' operations in Britain. In April Nissan announced that it had reached agreement with the Amalgamated Union of Engineering Workers (AUEW) for that union to be the only one recognized at the Washington plant. Employees will have common terms and conditions and will accept complete flexibility in working practices. A company council comprising representatives of employees and management will act both as a consultative and negotiating body.

If disputes are not settled within the council they can be referred to the Advisory Conciliation and Arbitration Service (Acas) for resolution, first through conciliation and then, if necessary, through binding "pendulum" arbitration, in which the arbitrator accepts the claim of one side or the other, the idea being that this will make each present a reasonable claim. While in-house or Acas talks are in progress, no industrial action will be taken. Though this is not strictly a no-strike agreement, in that recourse to arbitration is not automatic, it is aimed at eliminating the need for strikes.

The Nissan-AUEW pact has been rightly acclaimed as a breakthrough in an industry which has been plagued by disputes. But it is not the first of

its kind in Britain: the Electrical, Electronic, Telecommunications and Plumbing Union (EETPU) has already signed similar agreements with about 15 Japanese, American and British firms.

The first of these was with Toshiba, after its joint venture with Rank had collapsed in 1981. Roy Sanderson, national officer of the EETPU, said: "We sat down with a blank sheet of paper to identify the causes of industrial conflict in Britain."

These emerged as class differences between white and blue collar employees, failure of management to consult the workforce, lack of job flexibility and inadequate procedures for settling grievances.

Pendulum arbitration has been reached only once so far, in pay negotiations between the EETPU and Sony, which makes television sets and video recorders at Lovestock. In this case, at Mr Sanderson's suggestion, the arbitrator made a recommendation to settle on a figure somewhere between the claims of the two sides, which they accepted. It is rather than using the pendulum method of favouring one or the other. Last month, however, the Sony workforce voted against including such mediation permanently in the agreement.

The EETPU claims that about one third of the employees at both the NEC plant at Livingston and the Mitsubishi TV plant at Haddington belong to the union. However, Mr Sanderson accuses the two companies of being "very paternalistic" and of not allowing the workers a collective point of view. The EETPU has submitted a complaint about NEC to the Organization for Economic Co-operation and Development (OECD) on the grounds that it is breaking the OECD's code for multinational companies by refusing to bargain with the union.

The attitude of NEC and Mitsubishi exemplifies a general churlishness of British unions on the part of the Japanese. The two companies are not alone in having no union agreement, and those that have union agreements have made them on a single union basis, the nearest approximation they can achieve to the house union concept in Japan.

DIRECT JAPANESE INVESTMENT OVERSEAS (cumulative total 1951-84)

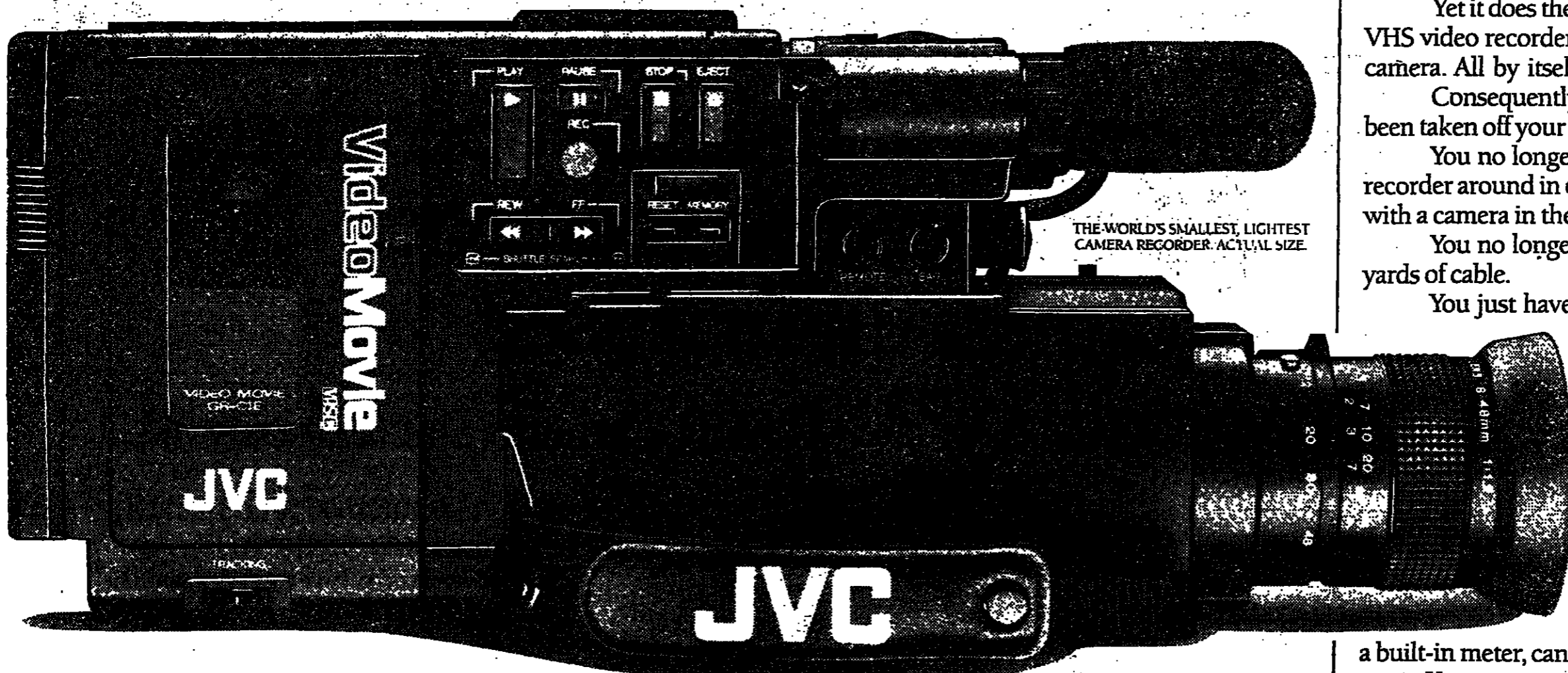
	Value (\$ million)	%
United States	19,894	27.9
Indonesia	8,015	11.2
Peru	4,318	6.0
Brazil	4,274	6.0
Australia	3,153	4.4
Hong Kong	2,798	3.9
Britain	2,789	3.9
Liberia	2,296	3.2
Singapore	1,830	2.7
Canada	1,575	2.2
South Korea	1,548	2.2
Saudi Arabia and Kuwait	1,234	1.7
Mexico	1,220	1.7
West Germany	1,170	1.6
Netherlands	1,074	1.5
By region		
North America	21,489	30.1
Asia	18,027	25.2
Latin America	13,020	18.2
Europe	8,072	11.3
Oceania	3,718	5.2
Africa	3,198	4.5
Middle East	2,927	4.1
Total	71,431	100.0

Source: Ministry of Finance



Final check: Inspecting silicon wafers at Shinetsu Handotai, Livingston, Scotland

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FOCUS

Pictures by Geoff Howard, Richard Kahar, Gino Landini



The delicate, the cosmetic, the traditional, the corpulent, the spiritual. Heron dancer. Asakusa Temple, Tokyo, left. Sizing up a patient for cosmetic surgery. Traditional Sado Island dancers. Corporation of Sumo wrestlers. Buddhists at prayer

Eng. Lit. crit. is alive and Will is well read

Hamlet was first translated into Japanese in 1875, and by 1978 Japanese readers had some 51 versions to choose from. While this reflects the special status of the play in this status-conscious society, it also serves to remind us of the age and scale of the Japanese concern with British literature.

From the early days of the Meiji restoration, when translations of the novels of Bulwer-Lytton took readers by storm, to the present, when one can read, for example, 19 Iris Murdoch novels in Japanese, British literature has played a special role in Japanese culture.

On the face of it the traditional interest in British literature is alive and well in Japan today. NHK, the Japanese equivalent of the BBC, regularly broadcasts the BBC Shakespeare series. This is matched by frequent performances of Shakespeare in the theatre, usually in one of the various popular and fast-paced colloquial translations available.

Radio broadcasts also offer a series in which British or American classics are read in English with an interspersed Japanese commentary - recent readings include *The Old Man and the Sea* and *Wuthering Heights*.

Again, a visit to any of the bookshops specializing in foreign books, new and second-hand, reveals that the biggest single section is devoted to English literature. If one drops into one's local Japanese bookshop, on the other hand, one finds an astonishing range of authors available in cheap paperback translations.

All of this indicates real interest in British literature on the part of many Japanese. Yet,

as with so many things in Japan, one's first impression can be misleading, for even more than in contemporary Britain the reading of serious literature is at once generated and dominated by the universities. The Japanese university, though, is in many respects a very different institution from its British counterpart.

The Japanese word for university, *daiigaku*, covers a far wider range of institutions than the English word, from the small college of a few hundred students to the mammoth universities of Tokyo, with their tens of thousands. This, with the fact that a far higher

proportion of Japanese go on to higher education (an age participation rate of 35 per cent compared with 14 per cent in Britain) and are prepared to pay for it, means that Japan has more than 450 universities, compared with fewer than 50 in Britain.

Not only are English literature departments large and powerful in most Japanese universities, but also every student, whatever his or her department, takes some sort of course in English in the first or second year of study.

Clearly, teaching on this scale requires many teachers. An examination of this year's *eigo nenkin* (directory of English studies) reveals some interesting statistics. The names of some 7,700 university and junior college English teachers are listed. This figure is matched by a list of 2,553 books or articles concerning English

studies, most of them published in the previous year.

The extent to which teachers are oriented towards literature, despite much of their actual teaching being concerned with fairly basic language work, is indicated by the fact that nearly two-thirds of these studies are concerned with British or American literature.

A glance at the index reveals that Shakespeare is overwhelmingly the most popular subject, with 127 items listed. In British literature, he is followed by Hardy with 38, Lawrence with 37 and Wordsworth with 25. The dominance of British literature is shown by the fact that there are nearly twice as many items concerned with British writers as with American.

This enormous academic establishment devoted to the study, and purchase, of British literature is the result of two factors. The first is the extraordinary prestige of the English language in Japan - it is not merely an essential tool for communication in international business or politics but above all a symbol of everything modern, stylish or cosmopolitan.

The pervasive and almost unquestioned belief in the desirability of a mastery of English gives rise to an enormous, and highly lucrative, demand for English education, which is met on a variety of levels.

The second factor is the method of recruitment in Japanese universities - as in so many fields in Japan, it is very difficult to find a job in a university without some sort of personal introduction.

This leads not so much to a lowering of standards as to a

prevalent conservatism. Without studying at a well-known university and enlisting the aid of an influential academic figure, it will be very hard to gain a full-time university post.

The odd result is that a teacher teaching English to physics students, with the professed aim of equipping them to deal with essential scientific papers in English, will as likely as not be a specialist in Chaucer, Meredith or Pater. Even more surprising is that the teaching method employed may very possibly be to read through short stories by Katherine Mansfield or Somerset Maugham, translating sentence by sentence into Japanese.

Thus, the gap between the academic English literature establishment and the students or the general public which it seeks to educate is growing.

Scholarly study of British literature will continue and university libraries will continue to buy books in great numbers from British publishers. There is a store of goodwill towards Britain in the academic community which is of the greatest importance and which should be supported and nourished by any means. Yet, up to now British literature has been seen in Japan as the expression of a valuable and important way of life rather than merely the preserve of the academic community.

Unless Britain makes a far more active effort to impress itself upon the minds of the general public in Japan, British literature will end up just like most British exports to this country - a strictly luxury item.

For their part, teachers content themselves with explaining the grammar of dead

Shakespeare is the most popular author

Colloquial American versus literary English

Far East streetfighting that became an art



A struggle-session in the Budokwai's dojo, or matted practice hall in London

bridge team, and four of the Oxford team, in three minutes and 45 seconds.

Many of the Budokwai's early members were titled people or Service officers. Judo, in those days, tended to be elitist - by comparison with today's mass movement.

The first international judo match took place in 1929, when a Budokwai team visited Germany to defeat both a Frankfurt and a Wiesbaden team.

There has been a judo "explosion" since those early days. Today there are more than 1,000 clubs affiliated to the British Judo Association, which was founded in 1948, and Richard Bowen believes that around 100,000 people practise judo regularly in this country.

A move is afoot among senior judo men to take the art back to its original purpose as a fighting technique. "Turning it into a competitive sport has restricted the techniques allowed to some 30 per cent of judo's full repertoire", says Bowen. There was a danger, he felt, of the original purpose of judo, together with many of its ingenious techniques, being lost.

The Budokwai, whose premises are at 4 Giltston Road, South Kensington, offers courses for beginners as well as more advanced grades. Adult beginners' classes are held on Tuesdays and Fridays from 6.30 to 7.30pm, and junior classes on Monday and Thursday evenings from 5.15 to 6.15 and Saturday mornings from 10.30 to 12.30. Membership is £25 a year for adults, plus £1 per class, and £18 for juniors, plus 80p a lesson.

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